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Union Calendar No. 277

100th Congress, 1st Session

H. Rept. No. 100-433

S. Rept. No. 100-216

Report of the Congressional Committees Investigating the

Iran-Contra Affair

Appendix B: Volume 22
Depositions

Lee H. Hamilton, *Chairman*,
House Select Committee
Daniel K. Inouye, *Chairman*,
Senate Select Committee

S963-24
H963-24

U.S. House of Representatives
Select Committee to Investigate
Covert Arms Transactions with Iran

U.S. Senate Select Committee
On Secret Military Assistance to Iran
And the Nicaraguan Opposition

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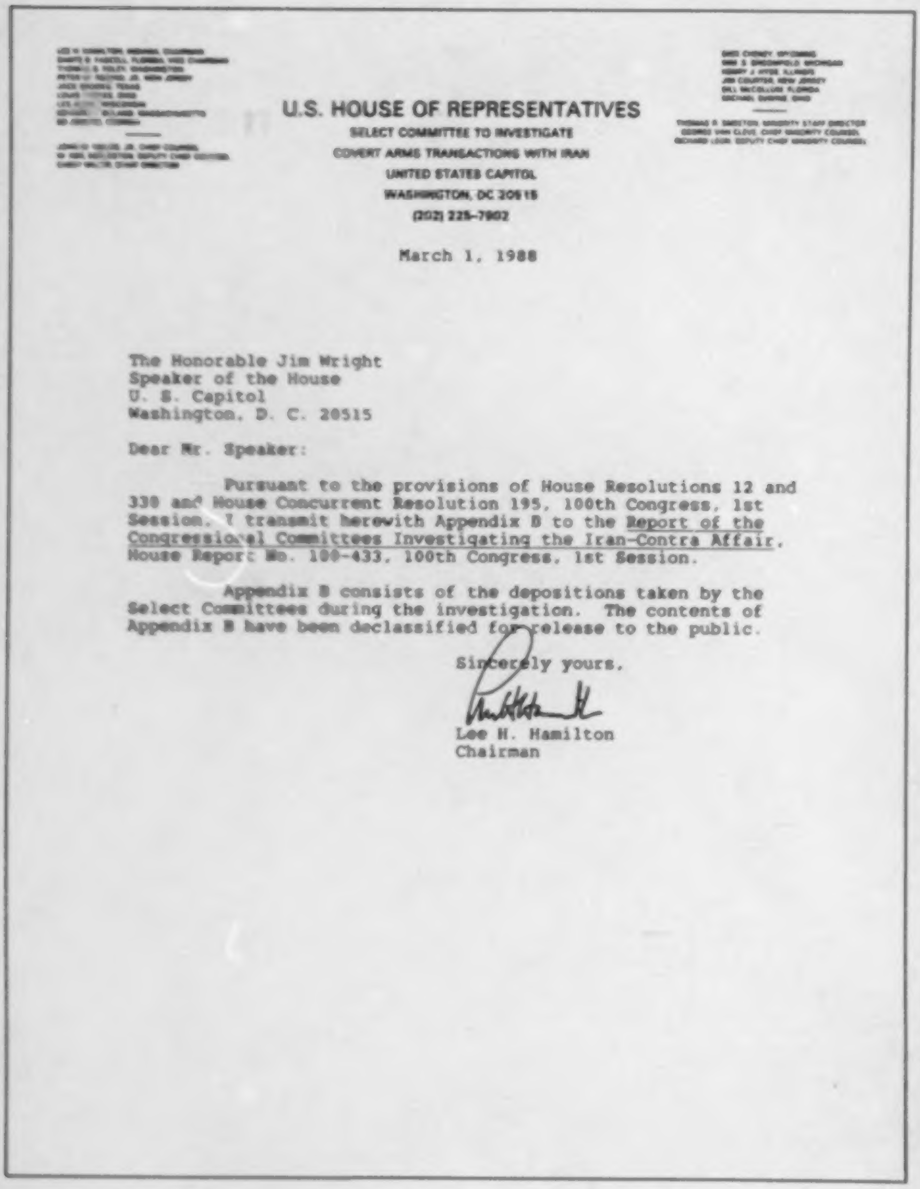


U.S. HOUSE OF REPRESENTATIVES
SELECT COMMITTEE TO INVESTIGATE
COVERT ARMS TRANSACTIONS WITH IRAN
UNITED STATES CAPITOL
WASHINGTON, DC 20515
(202) 225-7902

March 1, 1988

The Honorable Jim Wright
Speaker of the House
U. S. Capitol
Washington, D. C. 20515

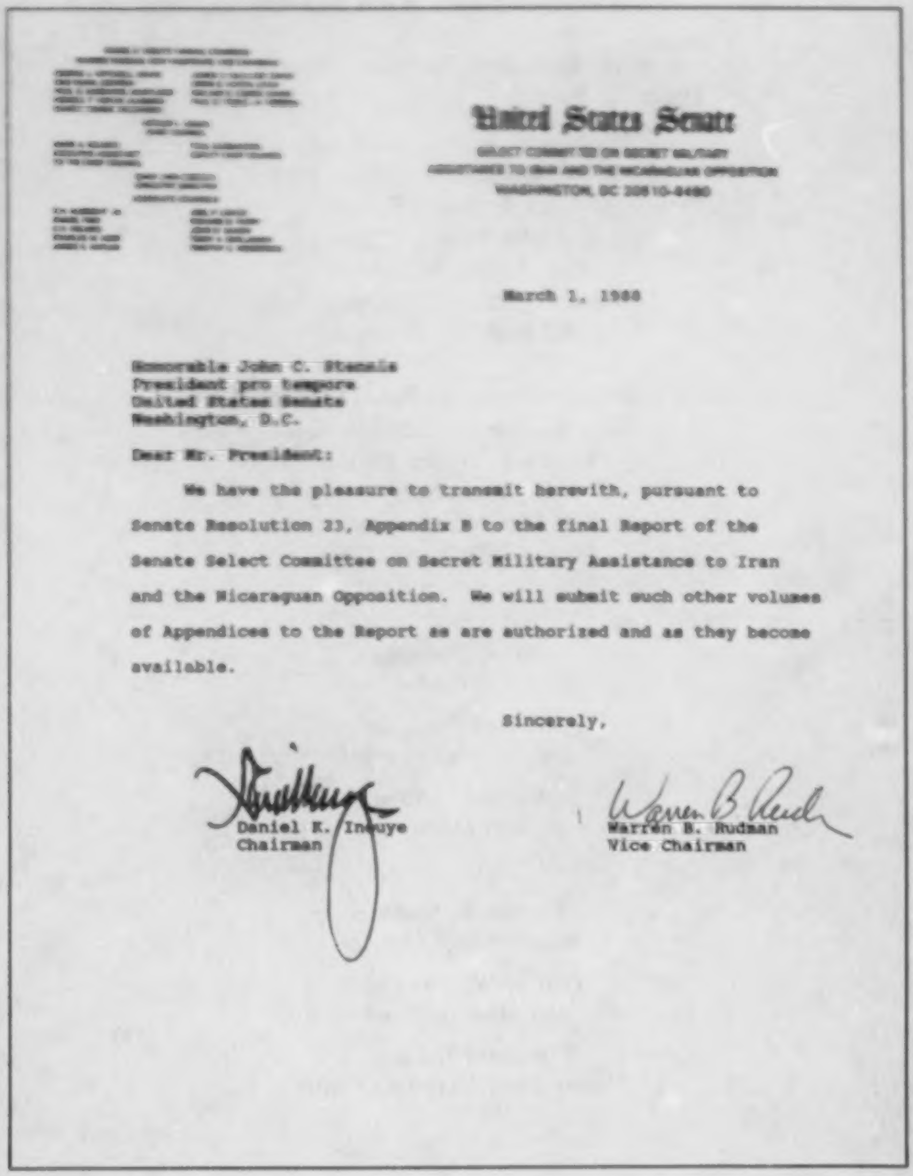
Dear Mr. Speaker:

Pursuant to the provisions of House Resolutions 12 and 330 and House Concurrent Resolution 195, 100th Congress, 1st Session, I transmit herewith Appendix B to the Report of the Congressional Committees Investigating the Iran-Contra Affair, House Report No. 100-433, 100th Congress, 1st Session.

Appendix B consists of the depositions taken by the Select Committees during the investigation. The contents of Appendix B have been declassified for release to the public.

Sincerely yours,

Lee H. Hamilton
Chairman



United States Senate
SELECT COMMITTEE ON SECRET MILITARY
ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION
WASHINGTON, DC 20510-6480

March 1, 1988

Honorable John C. Stennis
President pro tempore
United States Senate
Washington, D.C.

Dear Mr. President:

We have the pleasure to transmit herewith, pursuant to Senate Resolution 23, Appendix B to the final Report of the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition. We will submit such other volumes of Appendices to the Report as are authorized and as they become available.

Sincerely,

Daniel K. Inouye
Chairman

Warren B. Rudman
Warren B. Rudman
Vice Chairman

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Preface

The House Select Committee to Investigate Covert Arms Transactions with Iran and the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition, under authority contained in the resolutions establishing them (H. Res. 12 and S. Res. 23, respectively), deposed approximately 290 individuals over the course of their 10-month joint investigation.

The use of depositions enabled the Select Committees to take sworn responses to specific interrogatories, and thereby to obtain information under oath for the written record and develop lines of inquiry for the public hearings.

Select Committees Members and staff counsel, including House minority counsel, determined who would be deposed, then sought subpoenas from the Chairmen of the Select Committees, when appropriate, to compel the individuals to appear in nonpublic sessions for questioning under oath. Many deponents received separate subpoenas ordering them to produce certain written documents.

Members and staff traveled throughout the United States and abroad to meet with deponents. All depositions were stenographically reported or tape-recorded and later transcribed and duly authenticated. Deponents had the right to review their statements after transcription and to suggest factual and technical corrections to the Select Committees.

At the depositions, deponents could assert their fifth amendment privilege to avoid self-incrimination by refusing to answer specific questions. They were also entitled to legal representation. Most Federal Government deponents were represented by lawyers from their agency; the majority of private individuals retained their own counsel.

The Select Committees, after obtaining the requisite court orders, granted limited or "use" immunity to about 20 deponents. Such immunity means that, while a deposed individual could no longer invoke the fifth amendment to avoid answering a question, his or her compelled responses—or leads or collateral evidence based on those responses—could not be used in any subsequent criminal prosecution of that individual, except a prosecution for perjury, giving a false statement, or otherwise failing to comply with the court order.

An executive branch Declassification Committee, located in the White House, assisted the Committee by reviewing each page of deposition transcript and some exhibits and identifying classified matter relating to national security. Some depositions were not reviewed or could not be declassified for security reasons.

In addition, members of the House Select Committee staff corrected obvious typographical errors by hand and deleted personal and proprietary information not considered germane to the investigation.

In these *Depositions* volumes, some of the deposition transcripts are followed by exhibits. The exhibits—documentary evidence—were developed by Select Committees' staff in the course of the Select Committees' investigation or were provided by the deponent in response to a subpoena. In some cases, where the number of exhibits was very large, the House Select Committee staff chose for inclusion in the *Depositions* volumes selected documents. All of the original exhibits are stored with the rest of the Select Committees' documents with the National Archives and Records Administration and are available for public inspection subject to the respective rules of the House and Senate.

The 27 volumes of the *Depositions* appendix, totalling more than 30,000 pages, consist of photocopies of declassified, hand-corrected typewritten transcripts and declassified exhibits. Deponents appear in alphabetical order.

Publications of the House and Senate Select Committees

Report of the Congressional Committees Investigating the Iran-Contra Affair, 1 volume, 1987.

Appendix A: *Source Documents*, 2 volumes, 1988.
Appendix B: *Depositions*, 27 volumes, 1988.
Appendix C: *Chronology of Events*, 1 volume, 1988.

All publications of the Select Committees are available from the U.S. Government Printing Office.

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Committee Hearings

of the

U.S. HOUSE OF REPRESENTATIVES

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RPTS MAZUR

DCMN DOMOCK

DEPOSITION OF WALTER RAYMOND, JR.

Thursday, September 3, 1987

House of Representatives,
Select Committee on Investigate
Covert Arms Transactions with Iran,
Washington, D.C.

The select committee met, pursuant to call, at 2:00 p.m., in Room 2203, Rayburn House Office Building, Spencer Oliver [Associate Counsel to the House Select Committee] presiding.

Also Present: On behalf of the House Select Committee: Thomas Fryman, Staff Counsel; Kenneth R. Buck, Assistant Minority Counsel; Richard J. Leon, Deputy Chief Minority Counsel; and ~~Spencer Oliver~~ Burt Hammond, Associate ~~Counsel~~ Staff.

On behalf of the Senate Select Committee: Henry J. Flynn, ~~and Burt Hammond,~~ Investigator~~s~~.

On behalf of the Witness: C. Dean McGrath, Jr., Associate Counsel to the President.

Also Present: Robert H. Cooksey, Notary.

Declassified/Released on 18 Dec 1987
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by [illegible] Reger, National Security Council

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Whereupon,

WALTER RAYMOND, JR.

was called for as a witness and, after having been duly sworn, was examined and testified as follows:

MR. OLIVER: Mr. Raymond, we will take this deposition today on an unclassified basis, since the reporter does not have a security clearance. In the event that any questions are asked to which the answers would require the divulgence of classified material, if you would just note that those matters are classified, and we will go on to the next question and deal with that at another time.

THE WITNESS: All right.

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. OLIVER:

Q First, Mr. Raymond, could you tell us what is your present position?

A My present position is Assistant Director of USIA.

Q And could you tell us briefly on the record your background and where you were born, your education and other government service or other jobs prior to coming to the--to your present position?

A All right.

I was born in New York, 1929, grew up in the north and the south, went to William--sorry, College of William and Mary, bachelor's degree in 1950, history, government. Yale

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University, master's degree in international affairs, 1951, and then military service in the Army, and followed that with government service, where I have--where I have been ever since.

So, in effect, I have been on active duty with the Army or with one part of the government or another for 35 years.

Q When did you begin your employment at the White House?

A July--I believe July 12, 1982.

Q And what was your position at that time?

A At that time, I was the Senior Director for Intelligence Programs. I might point out just for the record, I was also at the White House in 1961 for six months when we established the Situation Room.

Q Who did you report to and who was--what was the chain of command in your position, both before you and below you in that position?

A In 1982, Bill Clark was the National Security Adviser, and he was my principal supervisor. The chain of command was from Bill Clark to Bud McFarlane. At that stage, I think John Poindexter was just coming on line as sort of number three, but it worked as a team.

Q Um-hum.

A And when we communicated in almost all cases, the

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communication would be to Mr. Clark, but it would go through some of these other gentlemen

. Q In other words, you would send a memorandum directly to Mr. Clark, but with copies to these other people and go through a clearance procedure.

. A Right. You mentioned who else was in my office at that time. I had two other officers, Ken DeGraffenreid and Bill Rye.

. Q And they were your deputies?

. A Well, everybody--yes, in a sense, we all--I was the senior officer and they were junior to me.

. Q And what were your responsibilities in that position?

. A Well, for the first few months--and I was only in that office for a few months--the principal responsibility in that office was to look at the intelligence community apart from the standpoint of its production or from the standpoint of its resources, its programs, its general activities.

. That was basically--

. Q For a particular purpose, or just to--report to the White House about what they were doing?

. A Well, you know, it would break down. There were a lot of certain specific committees that existed. If I can refresh my memory now. They were part of the same process, SIG/I, Senior Interagency Group/Intelligence--and I--one or the other of us would attend these various meetings if staff was required.

Now, a lot of this was done by principals and didn't involve staff and with only three people, you can do only so much. Colonel Rye was principally looking at the Air Force and space systems--worked very closely among other things with NASA, so DeGraffenreid and I looked at other problems, production and programs, which would mean some budget, which would mean some sufficiency of programming, some--

Q For all the elements of it in various agencies in the government.

A Right.

Q So, did you make any recommendations--did you do a report when you say you looked over--were you looking at it for the purpose of evaluating it or making a report as to how it could work better?

A Well, this takes some--I have been so far removed from all this for almost five years that it takes some thinking. There is a body that is slipping my mind, but it was an interagency body that looked at questions and worked closely with the intelligence staff, and John McMahon, as I recall, was--chaired most of those meetings, and this was--this got into the range of whether one's intelligence collection systems and detection and verification and things like this, which I can't get into in an unclassified basis.

but can make allusion to, is whether we had the right amount of coverage, and we spent a lot of time on that.

We spent time on trying to make a judgment of whether the analytical elements of the community were functioning, and how they interrelated. We scrubbed at the priorities of collection, the requirements process, were they adequate, were they comprehensive, were the priorities properly established, and we had responsibilities for overviewing other kinds of programs, including covert action programs.

We were--including counterintelligence programs. If you look generically at the elements of intelligence, were the disciplines, human intelligence, various types of technical systems, some of which are related to NSA, you have to look at that as a body and that is what we did.

With three people, you can't go too much beyond--beyond serving as a broker, pulling people, pulling papers together and trying to see the communities coming together with the right focus.

Q You stated you only stayed in that job for a few months. What happened then?

A In July 1983, there was a reorganization of the National Security Council under Bill Clark, and he established several new offices. I was assigned a position as the Senior Director of--International Director of

Communications, and concurrently with the title Special Assistant to the President, and that was in June or July of 1983.

Q So that was a promotion?

A I--yes.

Q I mean, the title of Special Assistant to the President moves it up a notch.

A Oh, you are right.

Q Was that at your request? Did you recommend the creation of that entity within the NSC?

A Well, I had--I had been emphasizing to Bill Clark for a number of months that it was consistent with the President's program as articulated in June 1982 at Westminster in London that we had quite a challenge, and simply stated, was to fight the war of ideas and build the infrastructure of democracy as you and I know it, and I made the point, and I don't want it to sound as if I were the single person doing this. Many fine people were talking along the same lines, including Congressman Fascell.

I made the point that we were not configured effectively to deal with the war of ideas, and to deal with building infrastructure of democracy. We did not have enough emphasis on that within the United States Government. We did not have an effective way to reach out to various elements of our society and work with them and help assist them to be involved internationally and, last analysis, we also needed to try to encourage the private sector to be more active.

This is hard to do for the government, but if you take a look at the amount of money that was given for international programs by some of the principal foundations in 1961, and you see 25-28 percent of their budget went to international programs, and you see about 4 or 5 percent of their budget goes to international programs a couple of years later, you have a problem, and that is that we were not engaged.

It was a function of a lot of things. It was a function of Vietnam, it was the function of--a challenging internal agenda which resulted in a number of racial disturbances in the sixties, it was the result of Watergate, it was turning inward.

We needed to re-engage and we talked about this, a number of us. The President's speech set the tone, but we had to translate that into some form of action. I think to some degree the creation of that office was Bill Clark's--was a step by Bill Clark to try to help us move towards categorizing at least the governmental bureaucracy to meet some of those challenges.

Q Did you write a paper recommending that that be approved?

. A No, we talked repeatedly about it in the aftermath of the June 1982 speech, and some of us who had been involved one way or another in the June 1982 speech, which includes people like Mike Palmer, Larry Eagleburger and others--talked about it.

. I don't happen to remember where it was one seminal paper, but the organizational family that tried to deal with these things was the NSDD-77, which was promulgated in January '83, which was designed to give us a governmental structure.

. Then we tried to develop a democracy program as an analog to provide some governmental funding to deal with the programs we are trying to develop.

. Q So, you created this new division. How big a staff did you have in this--in your new position?

. A When we started, I had one person and when I finished, I had two people--four years later. That is what is known as having to depend in large part on the bureaucracy through the job, and again goes back to what the NSC should be doing, and that is helping coordinate and in some cases stimulate, but to look at where problems are, and where possible policy is needed to try to make the system work.

. Q And who were your staff people? Who was your first staff person--

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A I inherited Cary Lord, who was actually leaving the NSC about that time; Steve Steiner replaced him. Steiner remained with me until a couple of years, when he got pulled off to work full-time on public diplomacy issues related to arms control, at which point I brought Judy Mandel, M-a-n-d-e-l, over from State. She was there and--about six months before I left--even less, maybe three or four months, I had another chap join me, Mike Castine, C-a-s-t-i-n-e.

Q And what--how was this organized in terms of its relationship with the other agencies of the Federal Government? As a new entity, I would assume you had to set up some new interagency groups of--

A That was spelled out in--in the NSDD-77, which I presume is a matter of record somewhere. If not, we can obviously make it available. It is unclassified. Essentially, what we did is--first of all, we spent some time figuring out what would be the right approach.

We looked at some of the historical precedents. We looked at OCB, Operations Coordinating Board. We looked at that model in the early sixties, felt that that probably was too comprehensive to take on at that point, so we looked at other models, and we came up with a plan to bring together a steering group under the direction of the NASA Security Adviser, Bill Clark, and around the table five other principals, Secretary of State, Secretary of Defense, Director of USIA, Administrator of AID, and the President's Communications Coordinator; I think Chief of Communications.

. Now, that meant specifically when we had our first SPG meeting, as it was called, Special Planning Group, in early 1983, that would be the Cabinet principals' place; Dave Gergen, who at that time was the Communications Coordinator. This group provided overall guidance.

. There were four--committees which were established with different functional responsibilities.

. Q Excuse me. They didn't meet at this level, though. You are talking about representatives of the Secretary of State and Secretary of Defense, aren't you, or did they actually meet at the--

. A Secretary Weinberger and Director Witt came to all the meetings. Peter McPherson came to some, or he sent his deputy. I think Secretary Shultz only came--I am not sure if Secretary Shultz came. I know the Deputy Secretary came once, and I know that Larry Eagleburger came regularly, so there was one sort of one step down there. I don't know whether I am going into too much detail for you.

. Q No, please.

. A The committees were very important, and a lot of work was done in the name of the SPG, and that is a point which we can deal with later, because it does cause confusion, and that is that the National Security Adviser was concurrently the--the head of the SPG.

Now, specifically, the committees, the International Political Committee was chaired most of the time by the Under Secretary of State for Political Affairs, and in his absence usually by his deputy, Ambassador Gerald Helman. This group largely focused on democracy-building programs. They would be the kind of group in contemporary terms that would be looking at the problem in Haiti, the problems in Chile, possibly the program in South Korea, or the things that are to be done constructively to help facilitate the electoral process as the country emerges from an authoritarian or totalitarian state to a democracy.

The International Information Committee was chaired by the Deputy Director of USIA, and it dealt, as the name describes, with a whole raft of informational issues, including public diplomacy, action plans for specific themes, maybe Afghan--the commemoration of the Soviet invasion of Afghanistan.

We might have a worldwide plan or might be a program--something about Soviet disinformation, or arms control and so on.

The International Broadcasting Committee was initially chaired by the Deputy Assistant to the President for National Security Affairs. But after the--but over a period of time, I think by about 1984, I was asked to assume that chairmanship by the Director of--by the head of the SPG, so I served for the last two or three years as the head of the International Broadcasting Committee.

Q But at first, it was--

A First was by--

Q --Bud and John Poindexter.

A Yes, and then briefly it was Don Fortier.

Q Bud McFarlane--

A Was first, John, and then Don. And I did it, and it was consistent with my--basically my responsibilities in the NSC, and we were looking at such questions as the VOA modernization, RFE/RL modernization, possible uses of direct broadcast by satellite, television, Radio Marti, just to name a few.

The fourth committee was the Committee on Public Affairs. It was initially co-chaired by--Dave Gergen and Bud McFarlane, and rather quickly moved down to the number twos in the press office, which in the NSC--press man, so there have been a lot of changes there, but it was Bob Sims at one point, Ed Djerejian at another point--D-j-e-r-e-j-i-a-n--but a number of people, but principally was the pressman for the NSC with the number two person in the White House press office, and they would co-chair for the purposes of looking at key press issues that were coming up, and seeing to it that the press spokesman and State and Defense principally, and White House and NSC were all basically saying the same thing on the one hand, and also engaging in some short-term planning for the next week or two.

. That committee stopped meeting formally after a couple of years, and it has been replaced by a weekly meeting of the press spokesman of the principal agency and departments without staff, and then they go back and so, it is a five or six-person meeting, and they go back and report and follow up.

. Also, we found out, in the case of press that we could do the job just about as well by having a teleconference every morning at 11:00, and get the positions integrated.

. Q How often did these committees meet? Once a week?

. A The committees met very erratically, in the sense that it wasn't a precise time for each meeting. In the case of the IIC, we started meeting every two weeks, and we settled into model meetings.

. In the case of IPC, we tried to be sure that the meeting--with a fair amount of regularity, but we were basically responding to problems, so sometimes it was regularly and sometimes not particularly regularly. We could go two or three months without a meeting and then have three or four meetings in a month, depending on the issues that required that kind of focus.

. The IPC met when it had a decent agenda, so we met every two or three months. What we did to see to it that it worked effectively was that we created, in effect, an ad hoc executive committee, called an SPG Executive Committee, which I chaired, which met in my office, and for the first three years--well, for the first two or three years, I should say, we met every week.

. After that, we met every two weeks, and that would be made up of either the chair or his designee for each of the major committees, and that permitted us to do a lot of work with the network that had already been created in the government.

. For example, Jerry Helman would frequently go back and have meetings, interagency meetings following up on some of our issues. He would also frequently proceed--precede meetings that we would have with his own meetings, and he would then share the results of those meetings with us.

. Q Those met weekly?

. A Yeah.

. Q On what day? Was it a regular day?

.. A Yeah--firstly, it was a regular day. I don't remember specifically because from time to time we would change it around, but it was a regular day.

. Q And that met up until when? Up until the time--

. A I would think up until early 1986, we thought that perhaps it might be more efficient if we just met every two weeks, but it did meet virtually every week for the first couple of years.

Part of this is to energize the system, and that is what we are trying to keep going.

Q So, who would attend those meetings on a regular basis?

A The main team would be myself; from AID under the current terms it would be the Assistant Administrator for Policy, Rich Bissel; from State, it would be the Deputy to the Under Secretary, Jerry Helman; from USIA, it would be Michael Schneider, who was the Deputy Associate Director of Policy and Programs; and from Defense, it would be Craig Alterman, Deputy to the Under Secretary of Policy and/or his Public Diplomacy Coordinator, Irwin Kern.

Q Who would it have been in 1985 in those positions?

A Well--

Q Would it have been Helman?

A Yes. Helman at State; Schneider would have been USIA--I think the only difference would be the question of AID and probably, we were in a transition period there--for a while, Kate Summerad sat in. She actually had public relations in AID. We didn't have--the best person we have had on that team has been Rich Bissel, who understands the concepts of nation-building and constitution-building.

. The AID presentation was better when we brought the Associate Director or Assistant Director--start again, Assistant Administrator for Policy. When we had the person from the Public Affairs Office, it was not as--it was not a good access point to AID as having Mr~~s~~. Bissel.

. Q Who else from the NSC attended?

. A Rarely anybody else. There are, as I alluded a little bit back, there were sometimes special programs such as the arms control under Steve Steiner. I tried to have him come as often as he could, so he could share some of the results of his work with our group. But he had a very effective interagency group with representation from all the concerned departments and agencies. And he would share the results of this meeting--his meetings very regularly with me and with the NSC front office, so we were monitoring his activity very closely, but it was operating on a somewhat parallel track.

. There were, over periods of time, as you know, special public diplomacy coordinators which were established, and sometimes the SPG Ex-Com worked closely with them, and sometimes they did not, so--for example, when Peter Dailey was sent up to help at the direct request of the President, and Bill Clark in 1983 to facilitate popular acceptance of the INF missiles in Europe--

. Q When you say he was sent up, what do you mean?

. A He was asked by the President to coordinate a public diplomacy effort on the INF question, and he worked at State and worked closely with the Secretary, but he reported back to the SPG. This was--at a SPG meeting, it was recognized that we needed to have a special effort to be able to ensure European acceptance of placement of the weapons systems, so we--after talks between Bill Clark with whatever hat you want to describe, the head of the SPG or as National Security Adviser, it was felt that one had to make a special effort to try to extend then our case to the Europeans.

. Q Was he a full-time government employee at that point?

. A He was.

. Q Did he have the rank of Ambassador?

. A He did.

. Q But it was not a position that required confirmation. It was just a title or was he confirmed?

. A No, he was our Ambassador to Ireland, and we brought him back for two months.

. Q You brought him back for two months in 1983?

. A Um-hum.

. Q To set up and coordinate this program related to INF.

. A Right.

. Q And he sat in on the ad hoc Ex-Com at that point?

. A No, he didn't sit in on the Ex-Com. The Ex-Com was, you know, going along doing its business, and when a special program like the INF got started, it basically did not report through the Ex-Com. It reported to Bill Clark or to the chairman of the SPG through established processes.

. Q When you became a Special Assistant to the President, as well as your other titles, did you also report in another chain of command to the Chief of Staff of the White House?

. A No.

. Q You always reported through the NSC hierarchy.

. A Absolutely.

. Q When the--when these groups were set up within the various agencies--for instance, the Office of Latin American Public Diplomacy in the White House, did they report to this SPG also?

. A Well--

. Q LPD in the State Department?

. A LPD was set up in 1983 at the request of--on the basis of a memo from Bill Clark--signed for the President to the Secretary of State, in fact, to all members of the SPG, and the former Senator, Richard Stone, was named at that time as the head of this special public diplomacy group for Central America, and while cited in the Department of State and with a very rudimentary team, he would report to the chairman of the SPG, and he served very briefly, as you know, before he moved on and became a negotiator, but he met on two or three occasions with the SPG, and gave a brief on where he thought things were heading, and he, I think, met when he wanted to, and I can't really speak to that, with Bill Clark and obviously with the Secretary.

It became--increasingly institutionalized as you know from the records--I am sure you have seen--with his successor, Otto Reich, where first of all, the memo which appointed Otto indicated that he served as an advisor to the Secretary, and LPD, of course, was totally an organization within the Department of State, so its activities were under direct scrutiny of the Department of State.

His programs, its accomplishments, were communicated periodically to the SPG. Now, I say that because there was some question of whether Otto Reich worked for the NSC or not. He had his own program and was within State, and he reported to the SPG, which it is a distinction with a difference.

Q The Central American Public Diplomacy Program was actually begun earlier in 1983, wasn't it, before July of 1983, when you took over this new position?

A Well, in other words, when we, trying to generate support for our program, before we appointed Dick Stone. I suppose the answer would be yes, but it didn't become part of this bureaucratic process until we named Dick Stone, and I am not frankly certain, you know, what we really had before July '83.

We clearly were trying to make our case known as to what we were trying to do in Central America. We were doing it through all the established channels, but the reason for naming Dick Stone, and the reason for naming Otto Reich was clearly that we were having--it was an extremely difficult issue.

It was one with a lot of controversy, and it was one on which very few people really had much understanding of the issues, so there was at least a serious educational problem that was involved in the Central American public diplomacy field, and we were trying to deal with that as a major part of our responsibility.

Q Was there a struggle between the White House and the State Department over the location of this Office of Latin American Public Diplomacy and who it should report to?

A Well, I think that any bureaucracy is much happier when all the elements are under its own aegis, and I think there probably was a certain sense of tension that--you know--but on the other hand, the reason the question even came up is because the job wasn't being done very well, and if things were going well, I think you don't--if--the old adage, if it ain't broke, don't fix it. If things were going well, I don't think there would have been a necessary need to engage in this.

But we had been, I think, hardened by Peter Dailey's very effective work with the IMF, and we had thought that it might be useful to provide some extra focus. And I don't really want to get into a controversy with professional foreign service officers, but some of them are not particularly interested in information programs.

They are more interested in sort of the traditional dimensions of diplomacy, and I think that what we were trying to do is energize kind of a new discipline. Now, I might point out that--I am sort of a foreign affairs professional. I am talking very much, as you can see, from the need to get the story told internationally, and--but obviously there was a domestic dimension to it, too, as we all know.

Q I would like to show you a memorandum, Walt, and like to have the reporter mark this as Walt Raymond Exhibit 1.

[Walter Raymond Exhibit No. 1 was marked for identification.]

THE WITNESS: Do you want me to read this now?

BY MR. OLIVER:

Q Yeah. I would like to ask you about--have you ever seen that memorandum before?

A No, not to the best--well, let me read it through. Superficially, I don't think so, but let me look at it.

Q It is marked N-29458, is the committee's identification number. It is a memorandum from the Secretary of State to the President, dated May 25, 1983. Do you recall ever seeing this memorandum?

A I do not. I do not.

MR. McGRATH: Why don't you give him a second?

THE WITNESS: To the best of my knowledge, I don't think I have seen it.

BY MR. OLIVER:

Q Have you ever heard about this memorandum?

A No, I don't think so. Let me--but let me see where--well, to answer your question, and I have read it all now, and the answer is no, to the best of my knowledge, I have never seen it before.

Q Was there resistance by Secretary Shultz to the naming of Otto Reich as the Coordinator for Latin American Diplomacy and the location of this entity in the Department of State?

A I can't answer that definitively. I don't recall whether that question was posed quite like that to the Secretary during the testimony. But my--I do know that after Otto had been on board for a while, that Secretary Shultz on several occasions spoke very positively about Ambassador

Reich's performance.

I think that the points that are raised in this memorandum--insofar as they speak to public diplomacy on page 3--I think that the Secretary saw that--somewhat more of a recognition of Otto Reich's role as spelled out in the memo from Bill Clark, which had been--my recollection is that the memo appointing Otto Reich had been shown to Secretary Shultz before it was signed by Mr. Clark, and the Secretary had agreed to it, and it also has, as you recall, as I said before, it identified Ambassador Reich as an advisor to the Secretary, so what it did is it did permit the Secretary and ARA to have a stronger public diplomacy arm as spelled out in the Shultz memorandum.

One of the things about the team we put together was we brought people from several departments and agencies, so we were able to have an interagency process work more effectively. We had Defense and USIA and AID people detailed.

Q I would like to ask the reporter to mark this as Walt Raymond Exhibit No. 2.

[Walter Raymond Exhibit No. 2 was marked for identification.]

BY MR. OLIVER:

Q This is a memorandum from Walt Raymond, Jr. to William P. Clark, dated May 18, 1983. The committee's

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identification number is N-30921, and attached to it is a memorandum from William P. Clark to James A. Baker III, identification number N-30925, which I believe is a draft memorandum, and attached to that is a memorandum to Secretary Shultz from William P. Clark, related to public diplomacy, and its identification number is N-30928.

. I show you this memorandum, Mr. Raymond, and ask you to look it over and ask you if you recall that memorandum and the attachments, and what the circumstances were surrounding that memorandum to Mr. Clark.

. A Okay. There are a whole lot of points here, and worth some touching on. One is--

. Q Well, do you remember drafting that document?

. A Yeah, I remember--well, let's put it this way: I remember the issue. I quite frankly had not seen this paper for over four years, and I remember the issue. I don't know if I necessarily remember putting pen to paper on it, but I obviously wrote it. It is my signature. I certainly remember the issue.

. Q Well, the memorandum--it appears from this memorandum that it was on the basis of this memorandum that the attached directives--directive from the National Security Adviser went forward to the Secretary of State proposing Otto Reich as the Director--as the Coordinator for Latin American Public Diplomacy. Is that, in fact, what happened?

A I am not at all certain that is the way it worked, no. I can't--you know, I can't specifically say that. I do know, as I mentioned previously, that when the question came up of having Dick Stone take on the negotiating role, that there was this discussion as to who would replace him.

It is reflected in these memoranda. Otto Reich was a candidate--was recommended from the NSC side, and there was this discussion, but I thought it took the form of a draft memorandum to Secretary Shultz that was then shown to Secretary Shultz. I would have to compare this text with a signed text. There was a signed text at some point where we--where we take on this question of the replacement.

And I just don't know whether it is the same as this. My recollection is that it is a little bit different.

Q Well--

MR. McGRATH: Do you have a signed copy of the memo?

MR. OLIVER: Do I have a signed copy? I do not have a signed copy at the moment. We may have one. What happens around here is--we reproduce so many documents that you produce the original and copies and that sort of thing.

THE WITNESS: Well, my recollection of the signed one is that it did not get into the policy management things. My recollection is that the signed one dealt with public diplomacy and that and nothing else.

BY MR. OLIVER:

. Q But you did sign the cover memo that is here?

. A Right.

. Q And you did recommend Otto Reich?

. A Correct.

. Q To Mr. Clark?

. A Right.

. Q And in fact, Mr. Reich did become the Coordinator for Latin American Diplomacy.

. A Right.

. Q Was it your idea for Mr. Reich to become the Coordinator, or was it someone else's? In this memorandum, it indicated he had been recommended by Dick Stone and Jeane Kirkpatrick.

. A My recollection is like so many appointments, it sort of oozes out of the ground. I think that--I don't believe I ~~new~~ knew Otto Reich enough to have made the recommendations at the time. Dick did. They both lived in Florida, and my recollection is it was something were Bill Clark, knowing that Ambassador Stone was going to move on, asked me and probably asked others to come up with some ideas, and I took soundings and Otto's name emerged at the top of the list.

. Q Why did you--why would Jeane Kirkpatrick be involved in the recommendation of the Coordinator for Latin American Public Diplomacy?

. A Because at the time she was at the U.N., she was personally interested in Central America. As you know, she has written a lot on it, and she also was a regular participant, I believe, in NSC processes, so it would be very consistent for her to be one of a number of people who might be asked or who might recommend. I can't remember now whether she was polled or whether she recommended, but I know that she strongly supported Otto.

. Q In the last paragraph on page 2 of your memorandum, you indicated that it is your sense that State is, and I quote, is ''increasingly restive over public diplomacy representatives being Presidential representatives responsible to your SPG,'' and you go on to argue that you think this is necessary.

. A Um-hum.

. Q Isn't it true that in fact, you won that battle and Otto Reich did report to the SPG as the Coordinator of--

. A He reported to the SPG, but as I point out, it was on a periodic basis. He was working daily with ARA and in the Department of State, and day in-day out guidance and policy. Certainly was not coming in the SPG which meets very erratically. Day in-day out policy was coming from whatever policymaking process existed at the time. Like these memoranda talk a bit about whether there was a sufficiently focused policy process, but the fact is that

that is where his day in-day out guidance was coming from, and as you know from testimony later on, that became the rig under Elliott Abrams, but of course, Abrams wasn't even in the equation at the time when you are talking about Tony Motley--well, basically, Tony Motley.

Q You mean--what you are saying is that eventually this Office of Latin American Public Diplomacy reported to the rig rather than the SPG?

A No, I want to differentiate that it was important, as described in here, that if you have a Presidential appointment, you have--as a Presidential representative, you have a much better chance of mobilizing and orchestrating the community in this area, and it was our judgment at that time that we had--we had a much better chance of getting people to move forward and respond, if Otto was a Presidential appointment.

But to get the job done on a day in-day out basis, he was working closely with the policy people in ARA, and I was not sitting and formulating policy. Public diplomacy is not involved in policy, it is involved in supporting policy, so where is he going to get it, not from me, so he got it from the interagency group that was chaired most of the time, to the best of my knowledge, by the Assistant Secretary for ARA.

Q So, Otto Reich reported to Tony Motley?

A He was getting his policy guidance from Tony Motley.

Q But he didn't report--

A Only was kept briefed thoroughly on what he was doing and worked--I mean, their offices were three doors apart. They would attend staff meetings together, they would discuss issues on a constant basis. He would be working with the ARA people, because anything he was doing with their geography, he obviously has to work closely with them, but he did have the extra capability of reporting to the White House in the form of the Chairman of the SPG and in the first year, when we were establishing Otto's credentials and his organization, we had several SPG meetings where Otto would come and would brief.

Now, in terms of guidance, we had also a formula known as the Central American Public Diplomacy Action Plan, and we would ask his office to produce periodically an action plan which dealt with the issues, the policies, the thrust, the themes, the goals and a lot of it was focused on overseas audiences, because we felt at that time that one of the things which was most difficult from the Central American situation was what we felt--it was excessive amount of support received by certain circles--received by the Nicaraguans from certain circles in Europe.

So, we were trying to get the information known in Europe as to what was going on in Central America.

. Q And at the time you wrote this memorandum recommending Otto Reich and this structure and the draft memo for Mr. Clark to Secretary Shultz, you were still at that time the Senior Director for Intelligence on the NSC; is that correct? You had indicated earlier that you moved over in July 1983 to this new position.

. A I had about one or two months left there, yeah, and I was, as you can see from this memo, already rather deeply involved in my new responsibility, and it was this kind of involvement which obviously prompted Bill Clark to suggest that I take the public diplomacy coordinator ~~[illegible]~~ one.

. I was spending an increasing amount of time there, and it was an anomaly, because it wasn't intelligence, and it did--was not consistent, so we felt that reorganization would be very helpful.

. Q But basically, you began early on to become involved in the public diplomacy effort long before you took over this position, before this new position was created?

. A Somewhat before, because it was only 11 or 12 months from the time I joined the NSC before I got into the new assignment.

. Q So, actually the LPD and the SPG itself actually preceded this International Communications and Public Diplomacy Section at the NSC?

. A That is correct, but I would say at NSC, you have some

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30-some-odd staffers, this is not abnormal in the sense that you would take people in the staff who had a specialty and there were frequently officers in the staff who were doing three and four and five different things, and since you are where you are at the NSC, an NSC officer, I mean that is your responsibility.

You do not belong to State or Defense or any other organization. You belong to the NSC. This is not abnormal to have somebody take on a special responsibility. When it becomes obvious that that extra responsibility is one which is a growth industry and one which your supervisor feels that perhaps you would be logical to do, then it makes sense to make some changes and have it be your full-time job than a part-time, so I don't feel it is unusual that somebody in the NSC would be picked up to take on a special task if he has a skill in that area.

Q At the time that this Office of Latin American Public Diplomacy was created in the State Department reporting to the SPG, was there another office in the White House called the Office of Public Liaison that was engaged in a program called the Central American Outreach Program?

A Yes. I can't fix the dates. I can extrapolate the dates from this memorandum here, but Faith Whittlesey, as this memo suggests, was involved in an outreach group. One of the issues that is threaded through Exhibit 2 is a concern from the NSC that the outreach group be consistent with policy, and what she was doing was an informational program. She would bring people in and get people to talk about Central American policy. We just wanted to be sure she was talking about the policy of the United States Government.

Q So, did she report to the SPG also?

A No, she reported to Jim Baker.

Q So, you had a--you had an Office of Public Liaison with the Central American Outreach Program?

A But that is across the board. In other words, it could be dealing with privatization. It could be dealing with church groups, Jewish groups, it could be dealing with any issue that affects the President's agenda, domestic or foreign.

It just so happens that she had a very special interest in Central America and got very involved with it and spent a lot of time in it, and it was encouraged. I don't suggest that she was not operating consistent with the desires of the President.

Q Well, what was the difference between what LPD was doing or set up to do, and what the Central American Outreach Program was doing and set up to do in the White House?

A Well, first of all, the LPD at various stages could be as much as 10 people and they would produce--

Q But initially it was just one person?

A Well, here is where part--there is a reference there to concerns about Dick Stone and how he was getting the job done. This is unfair to Dick in a way. Dick had a staff of one, himself and one assistant, so there was only one way that he could deal with it, and that was, as I say in this memo, sort of the big picture.

If we wanted to have a lot of material produced, you have to get some horses to produce the material. Otto was able to put together a team with the support of the Secretary and the support of Bill Clark, so production could come on line, and it is a matter of public record. I mean--and you can see it. There is a great deal of production he produced, and his office produced, and was made available publicly and through appropriate channels.

Faith Whittlesey had a very small office and had--I don't know, maybe one or two people who had as a rather special interest Central America at most. Her purpose wasn't to--was much more restricted than Otto Reich's. I mean, she was trying to bring in groups into (Room) 450 in the White House or into smaller groups, sit down and discuss the program in Central America, meet with people, and needless to say, get the President's policies known to a broader group of people, to generate support for the policy. But it is different.

Q On page 2 of Exhibit 2, you recommended that Mike Ledeen and John Glassman should be added immediately to the Office of Central American Public Diplomacy. Why did that--did that happen or, if not, why not?

A My recollection is that Glassman may have joined--Glassman is a very fine writer, is a professional FSO. At least I know him as being a Department of State officer. And if he joined it was for a matter of a few months, because he was then given another assignment, I think a promotion.

Mike Ledeen never joined the office. He did--if I recall correctly--some contract writing for the group, but he became principally preoccupied very shortly after this, very shortly after this with the whole question of the Grenada documentation, and this was something which was in effect encouraged directly or indirectly by Otto Reich's office, because to tell the Grenada story was a rather graphic case as far as we were concerned of one of the potential dangers of Cuban interference or involvement in countries in that region, and Mike became extremely preoccupied with that, as you know produced a book, pulled the documents together and produced a book, and I don't think, to the best of my recollection--I could be wrong--he did anything else with Otto Reich other than the Grenada thing.

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. Q What was his position at the time you recommended him?

. A He was essentially a free-lance. He was trying to develop some business interests. He had left the Department of State coincident with the departure of Secretary Haig, and he was engaged in some consultancy work. I believe the Department of Defense. Somewhere along the line, I am aware of the fact that I don't know when--I know he became a consultant to the NSC.

. I listened to the hearings about this, but I don't know when he did that, and that was--as far as I can extrapolate from what I hear in the press and so on, it had to do with issues which were quite remote from mine.

. Q What was the genesis of your recommending him for this job?

. A He is a good writer.

. Q And how did you--you had worked with him--

. A I hardly knew him. I read his writings. I don't even know Glassman. These are people who had been called to my attention as people who were good writers. I was looking for resource people. We were thinking about who can write, who can take a clump of raw material and put together a good study.

. I mean, an example--I just brought this, and you have probably seen this, but this is--these are laborious efforts.

These are three of Otto Reich's things. You have probably seen them all. They are all public domain, but this takes a lot of work and a good writer, and at the time we were starting this, we were simply--we had to start, we wanted to put a good team together, and we were looking around for people who could write.

Q Did you interview Mike Ledeen?

A I did not get involved in the ins and outs of management of Otto Reich's office.

Q This memorandum recommends that he be added to the Office of Latin American or Central American Public Diplomacy immediately.

A Um-hum.

Q If you didn't interview him, and you hadn't really worked with him, why did you make this recommendation? Was this actually somebody else's recommendation?

A It is a little bit like the Otto Reich who recommended Otto Reich. I mean this was, again, a question of A being somewhat aware of material that had been written and was in the public domain, but also going around town and trying to find out who was a good writer, and in a sense who might be available.

Now, at that point in time, Ledeen, if I recall correctly, was relatively available. He had left State, and he did not have a full-time job. So the thought was that this is a good writer who might be able to help, and there really wasn't anything more than that.

Q Nobody recommended him to you?

A Someone may have,

Q Do you remember who?

A But I do not remember who it was.

Q Want to take a five-minute break now?

A Okay.

MR. OLIVER: We will just take a five-minute break.

[Recess.]

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MR. OLIVER: All right, back on the record.

I would like the reporter to make this document as Walt Raymond Exhibit 3.

[Walter Raymond Exhibit No. 3 was marked for identification.]

MR. OLIVER: It is a memorandum from Walt Raymond, Jr. to William P. Clark, dated May 20, 1983. It is a weekly report, and the committee identification number is N-30915.

BY MR. OLIVER:

Q All right, Mr. Raymond, I would like you to look at that memorandum and to identify it. Is that a weekly report to Mr. Clark signed by you?

A Yes, it is.

Q In the first paragraph, in the last sentence, there is a reference to a Coalition for Democratic Central America, for the establishment of a Coalition for a Democratic Central America. Could you tell me what that refers to, and rather--whether such a coalition was ever formed?

A Let me just quickly read through the first paragraphs here. To the best of my recollection, I don't think that organization ever did--I don't think that organization ever was formed. She met with a number of people in the private sector that were concerned about

Central America, and there was a lot of discussion there and other places about the possibility of some kind of a coalition, thinking--the title is very similar to a Coalition for a Democratic Majority or Committee for Present Danger, groups formed in the seventies.

. To the best of my knowledge, this one was never created.

. Q I would like the reporter to make this as Walt Raymond Exhibit No. 4.

. [Walter Raymond Exhibit No. 4 was marked for identification.]

. MR. OLIVER: It is a memorandum from Walt Raymond, Jr. to William P. Clark dated May 27, 1983. The committee identification number is N-30910.

. BY MR. OLIVER:

. Q I would like to ask you to look at that memorandum, Mr. Raymond. Is that a weekly report signed by you to William Clark?

. A Yes, it is.

. Q Dated May 27, 1983.

. A Correct.

. Q In that memorandum, in paragraph two, you refer to Otto Reich, who has Jeane Kirkpatrick's strong endorsement, is a very hard, dedicated worker who will make the process effective. That memorandum seems to indicate that there is--that you are having some difficulty or there is some resistance to the naming of Otto Reich.

. Do you recall whether or not that was the case?

. A I know it took a while to get the agreement. I do think it reflects the fact that we had, as I mentioned to you previously, that we had--that we, in this case Mr. Clark, had indicated that he wanted to have t State Department agree~~ment~~ing to the naming of Ambassador Reich, and I cannot recall whether this was a problem in the Department or just simply bureaucracy taking a long time to move forward, because a lot of things were happening at the time.

. It reflects--it could reflect either--and I can't put myself into this memo to four years ago. It reflects either bureaucratic inertia or a bureaucratic problem, and I don't recall which it was.

. Q Were you dissatisfied with what Faith Whittlesey was doing at that time?

. A I wanted to be sure that it was not inconsistent with policy and as reflected in an earlier--the previous week's memo, clearly there was a considerable degree of energy being expended in the Whittlesey office, and I was, hopefully it could be a little closer coordination, but we had to have a head of the Public Diplomacy Office to make it work.

. Q Would it be fair to say you were driving the effort to create this office and have it report to the SPG and to have Otto Reich named as the head of it?

. A No, it would be fair to say that Mr. Clark, on behalf of the President, was very, very anxious to see to it that it was a sharply focused public diplomacy effort, and I was asked to do what I could to carry that out, but this was something which was coming from the highest levels of the government, the desire to see to it that we get ~~out~~ our story out as effectively as possible.

. Q Did Mr. Clark recommend Otto Reich to you?

. A I--as I mentioned previously, I am not sure of the action genesis of Otto Reich. I believe, among others, Jeane Kirkpatrick was a strong endorser. Jeane Kirkpatrick, by being a member of the Cabinet, was in close contact with Mr. Clark, and I took some soundings also and shared my soundings.

. Dick Stone, of course, fellow Floridian, strongly supported Otto Reich. It is hard to know whose recommendation was the principal one. May well be that Dick Stone, who is highly respected by Bill Clark, was the pivot person. I can't recall that, but he certainly played a role, and Reich was a very good man.

. Q I would like to ask the reporter to mark this as the next document as Walt Raymond Exhibit 5.

. [Walter Raymond Exhibit No. 5 was marked for identification.]

MR. OLIVER: This is a memorandum from Walt Raymond, Jr. to William P. Clark dated August 9, 1983, has a committee identification number, N-33450.

BY MR. OLIVER:

Q I would like to ask you to examine that memorandum, Mr. Raymond, and ask you if you recall sending that memorandum to Mr. Clark?

A This is a very interesting document. The answer is no.

Q I might indicate--

A I don't think this is--I have seen another memo--as a a matter of fact, was made available to me by the press on a subject that started like this, a number of the documents that happened to be in one or another of the packages.

This is sort of like it, but it is not like it. The distinction, I think, is that this one is not signed, so I would say that it is maybe a draft that I was working on, look~~s~~ed at, thought about and may have talked to some people about it, but for various reasons, felt that some of the things in here were wrong, or some of the recommendations were poor and weren't the kinds of things we should be doing, and therefore, it was not sent forward.

MR. LEON: Did you normally sign your memos?

THE WITNESS: Absolutely.

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MR. LEON: Where would you put the signature?

THE WITNESS: Right there on the top.

MR. LEON: Right next to the ''from''?

THE WITNESS: Yes.

BY MR. OLIVER:

Q I would like to ask you to--ask the reporter to mark this as Walt Raymond Exhibit No. 6.

It is a memorandum from Walt Raymond, Jr. to John M. Poindexter, dated August 29, 1983. It bears the committee identification number N-33440 through 442--make sure I have got the right--no, I have got the wrong piece of paper here.

Would you mark this--document as Exhibit No. 6, please?

[Walter Raymond Exhibit No. 6 was marked for identification.]

MR. OLIVER: Actually, this--I would like you to examine this document, Mr. Raymond. It is a memorandum from you that was signed, which was like the other--like Exhibit 5, provided to us from your files by the FBI, and it is a memorandum from you which attaches the memo of August 9, which I believe is the same memorandum as Exhibit 5--it simply doesn't have the third page on it.

THE WITNESS: Okay, I have read this thing.

BY MR. OLIVER:

Q Now, does that--that signed memorandum and the attachment, are the first two pages that are attached there the same memorandum as Exhibit 5?

A I have to go line to line out, but it looks close. Let's see.

MR. McGRATH: Have you guys done a line-by-line? Do you know?

MR. OLIVER: Yeah.

MR. McGRATH: And you would represent that they are the same?

MR. OLIVER: Yes.

MR. McGRATH: All right.

BY MR. OLIVER:

Q Does that refresh your memory about whether or not that memorandum went forward?

A Well, I--yeah. I frankly remember very clearly the issue that caused this memo to be written, and that was a great number of people were doing things all around town, and they were all more or less concerned about the need to create some kind of a bipartisan coalition of concerned citizens, as I said in the first paragraph.

And we were struggling with this problem. That was reflected in a couple of my earlier weekly reports to Bill Clark, and I--all I can do to reconstruct this now is to say that--it is possible that I sent forward this attachment, even though it is not initialed to John Poindexter just to

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illustrate the problem we were dealing with, and also reflected, as you see in my third paragraph in the cover memorandum, that--under John Poindexter's recommendations, clearly this is not an issue for the NSC or for the White House to take on, and if anybody does it, State--but not for the White House, the NSC, so I think that the memo recreates a problem, that the recommendation or the discussion of possible solutions was already redirected by informal conversation and reflected in the cover memorandum.

. Q I would like to focus for a minute on the August 9, 1983 memorandum that you have sent forward.

. A All right.

. Q On the 29th of August.

. A All right. This is all three pages.

. Q Yes, all three pages, Exhibit 5.

. A Okay.

. Q The second line of the first paragraph indicates that various proposals call for the creation of a bipartisan coalition of concerned citizens to generate majority support for the President's policies.

. . A Um-hum.

. Q Isn't this pretty much the same thing as the coalition that was referred to in the May memorandum, same idea?

. MR. McGRATH: Do you recall which May memo you are

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referring to?

MR. OLIVER: The memo, Exhibit 3, that I referred to earlier.

THE WITNESS: The answer--it is the same generic idea, yes, the Coalition for a Democratic Majority, Coalition for a Democratic Central America. What I was simply highlighting was the issue was being discussed in May.

I continued to get reports of various efforts all around town to try to do this, so I summarized these to Bill Clark, and say, look at here are some of the proposals known to me. There may be others and we got kind of a problem, everybody is running around.

That is basically the point I was trying to make to him, and as you can see, it served--I mean, reconstructing simply the paper trail in front of me, it appears that it served as the basis for a conversation that took place between John Poindexter and Bill Clark, or maybe not even that much. It may have been just John Poindexter's recommendations that this be deflected or sent over to State and discussed with State, and that is the end of it that I am aware of.

BY MR. OLIVER:

Q On Exhibit 5, on the second paragraph, it indicates that a group of public relations specialists met with Bill

Casey a few days ago. Why were they meeting with Bill Casey?

A I am factually reporting what happened. Bill Casey, as you know--while he was the DCI, he was a member of the Cabinet and member of the NSC and was personally very concerned about Central America, so I can only conclude that drawing to some degree from his private life before the agency that he brought people together and asked some questions as to how the story could be more effectively handled.

He did it, obviously, I would have to conclude not so much in his CIA hat, but in his advisor to the President hat.

Q How did you know about the meeting?

A I can't specifically state. I--

Q Were you--

A --trying to see any indication in here--no, I don't remember--recall the facts of how I learned about the meeting.

Q You weren't present at the meeting?

A No, I was not.

Q And you don't remember how you learned about this meeting with Casey?

A I may have learned about it from Faith. I don't recall precisely, but Faith met with these people, and--that may be my source. I honestly don't remember exactly how I found out that Bill Casey met with them.

Q As you go through this memorandum, there are references to several different meetings of public relations specialists and individuals. The second paragraph refers to a group that includes yourself, Faith Whittlesey, Charlie Wick, Alan Bell and Tom Korologos, and it indicated that you focused on the hiring of a public relations firm.

A Right.

Q And that that group recommended Ron Messen.

A Right.

Q And that Messen subsequently submitted a proposal. My question is, who asked Messen to present a proposal?

A I don't recall. It was not Wick, it was not Raymond. It is whittling it down to the other three. I don't know. I know that no contract was ever let to Ron Messen.

Q How did you know that a proposal had been presented?

A Again by extrapolation. I think I was aware of it from--from Faith.

Q Did you ever see the proposal?

A I--I don't think so. I think we discussed the outline, but I don't think I saw the proposal.

Q Who organized the meeting? Who invited you to come?

A My recollection is it was probably generated by

Faith, and it was an effort to try to draw back a little bit and ask people--you know, what is the problem? We have got a knowledgeable--we have got an information gap of very serious proportions out there in the country. If you ask people if they can identify on a map where is Central America, what is Nicaragua, what is El Salvador, the answer is remarkably low.

How are we going to get this story out? And a lot of people--what this memo really reflects is an enormous frustration that was in the body politic of Washington in mid-1983. Everybody was popping up and saying, what are we going to do about this problem, and groups were meeting all around town trying to come up with an answer.

Casey calls people in and says, what are we going to do? Faith calls people in. That is what you got here, and I can--you know, certain actions presumably can be identified as having taken place from all this running around, but no--no overall body, no Coalition for a Democratic Majority in Central America or something like that ever was created--unfortunately. I think--

Q You indicated in the first paragraph that the overall purpose would be to sell a ''new product'', Central America, by generating interest across the spectrum. Was that the purpose of the whole exercise of talking to these various groups and public relations specialists?

A Certainly a major purpose. We were--one person told us--I don't remember which specialist, but said you can't sell a product if only six people in the country know of it, and you have got to have people understand what the issues are, and its relationship to U.S. national security.

So, what I think is a key factor that keeps popping up, and that is certainly the bottom line of that first paragraph.

Q The third paragraph indicates that Faith told Charlie Wick that she had the prospect of funding from the Mellon-Scaife Organization, and in parentheses, it says, Terry Slease. How did you learn that?

A I believe I learned that from Faith. I had never met Slease or Cantrell. And I have no knowledge personally of whatever came of that particular paragraph. Again, I was trying to be a spokesperson, as much as I could, to report to Bill Clark all the movement out there, and let him know there was an awful lot of people moving around that thing.

Q Well, was there an effort in the White House to try to encourage the funding of private efforts on behalf of the President related to Central America?

A Any discussion--I can't answer that definitively. I certainly can't speak for the Office of Public Liaison. Clearly, there was a feeling that an informational program was sorely lacking, and if--this would have to be done by private groups if it were to be--there would be a--some of this would have to be something which does not involve the United States.

In other words, that is why we were talking about bipartisan. Not trying to make it a one-way thing. It was an informational, educational problem, as we saw it, and--

Q Were you tasked by anyone to try to pull these proposals together and to see if such a group can be created or funded?

A I wasn't tasked to creating any group nor was I--I don't think there is anything here to suggest that I was aware that all of this was moving around, and I was really essentially presenting it to my superiors and trying to interpret what I was hearing out there and where they appeared to be heading.

Q Well, were you the one who was synthesizing and coordinating these proposals in these meetings?

A No.

Q Was somebody--

A That is the problem. There was no central point and--

Q But your memoranda in May and in--earlier in August and so on related to the SPG and LPD and so on, and seemed to have been directed toward creating that kind of a central focus point, and in July, a month or so before this--this memorandum was written, you took over as the head of this International Communications and Public Diplomacy Section and chaired these various groups.

. I mean, if it wasn't you, who was it?

. A Well, first of all--I didn't take over the Central American issue. I was dealing with issues that covered the entire world and various functional cuts as well, information and political broadcasting, so my ability to spend time and focus on one issue or another like Central America was very limited, and it is why the Otto Reich office--and as soon as it really became operative, and it did as 1983, began to roll on, became the~~y~~ key coordinating point.

. As you can see from several of the memoranda to Bill Clark, there was a disparate void there for a while, and I kept urging the Reich appointment there for a while as quickly as possible, because we had a lot of spontaneous activity popping up here, there and the other place.

. Faith Whittlesey was quite active, and we did not have a public diplomacy coordinator, and I wasn't the public diplomacy coordinator for Central America, but I was getting calls and various types of people were coming up, many of which I identified in here, and asking this, that and the other thing, so I was trying to at least bring this development to the attention of Bill Clark.

. Q On page 2 of--Exhibit 5, you indicate that ''Roy Godson and I have discussed this, and we are concerned that efforts undertaken by Faith's office tend to be combined through the preaching to the converted. We recommended funding via Freedom House or some other structure that has credibility in the political center.''

. Who did you recommend that to?

. A I can't remember. The basic point that is made there was a concern that we had with the Faith Whittlesey exercise, and one of the reasons why we wanted to get the Otto Reich program launched, because we did not feel that the Central American issue was one which could successfully be discussed if it were a--if it were characterized as a kind of a right-wing, exclusive issue, and we felt that it was, and of course it is replicated on Capitol Hill, where a number of Democrats supported this that we felt it was an issue that could generate broad support, and if we have an informational effort that is broadly based, it is obviously much more successful.

. Now, lurking around through all of this, and I understand your question, and I realize my answers are not totally complete, because we are dealing with fragments. That is part of the problem. There was a feeling that if you could somehow generate, if you could somehow create a Coalition for a Democratic Majority, and the reason a

Freedom House--we could have put the word A in front of it--is suggesting you are talking about something that has credibility in the world, and is viewed as a mainstream and not right or left-wing, but that is clearly a private sector initiative.

The problem is, how do you interface with public and private sector for these programs, and this is an issue which was causing me some anxiety, and I tried to see to it that we kept public and private separate, but there was a need for private people to speak out and be heard on the issue.

Q For the record, could you identify Roy Godson and tell me who he is?

A At that juncture, if I recall correctly, of course, he was a professor at Georgetown, is a Professor at Georgetown, is--I believe his title is Washington Director of the National Strategy Information Center, and at that time, was a part-time consultant to the NSC.

Q In August of 1983.

A I believe so.

Q Who did he report to? Did he report to you? Was he a consultant to your Division? Or your sector?

A Over a period of about three years, and I am not absolutely certain ~~whether~~ what the date is that he became a consultant, but it is about this time, possibly before he did some consultancy work with several elements in the NSC, including limited amounts of work with me, very limited.

I mean--occasionally--

Q Do you know who hired him at the NSC?

A Not for sure. Probably Bill Clark; but I don't know that for an absolute certainty.

Q Why were you meeting with him about this public relations private effort?

A Well, partially because he was in the NSC, had clearances, had been interested in the whole concept of outreach programs, and he used in a sense the NSIC as sort of an outreach group, and he also was in touch with Faith, so that we--you know, we were in contact with each other on some--because of some issues that were--I mean, not issues, but we were in contact with each other, because we were in some cases talking about the same subject.

Q When did you first meet Roy Godson?

A I guess shortly after I joined the NSC. I don't think I had ever known him before, and in the context of his partial consultancy.

Q You don't recall meeting him during the transition?

A No, no. Knew his father, but I did not know him.

Q There are several other proposals of individuals mentioned in here, but the bottom line in the last paragraph, or not the bottom line, but it seems to be the last paragraph, indicates that you think there is a consensus that we should strive for the creation--I am quoting from the last sentence on page 2--I think there is a consensus that we should strive for the creation of a genuinely bipartisan, centrist structure to generate public support around the issue of Central America.

. Then it goes on to say, if we agree on that we will set up a committee and select an activist to put the thing together, most other issues fall in line. Fund-raising, marketing, substantive input.

. What--

. A What I was sharing with him is just the fact that it seems most of the people were saying we need a Coalition for a Democratic Majority. We need a Coalition for Present Danger, and a Coalition for Central America, and that seems to be where we are, and there is--I would say if I were to write this again, I don't think the syntax--well, I don't think the wording is particularly suitable, if we agree.

. I am really speaking if we go along with the analysis served up to us by the 10 people before this is where we seem to be heading, and I was speaking in sort of a collective ''we'' there, but I was trying to tell him that we have got all these people running around town.

. This seems to be where it is, and seems like something which would be useful.

. Q Well, you are saying there that we will set up a committee and then in the last paragraph, you recommend that Peter Dailey be asked to put the group together to spend a month doing it, and turn it over to an outside coordinator, as you mentioned a couple names of people who had been recommended in earlier paragraphs.

. Was it your responsibility to create this group?

. A No.

. Q What was this exercise all about?

. A Exercise all about is that I was conscious of the fact that there was a real problem, and try to find some way to get the story more effectively told in the country, and a great number of people were coming to me and to other people, and they all seemed to be saying the same thing, the bottom line of which was there is a need for this type of a coalition, and you know, if we are going to be doing this kind of thing, this is the sort of thing needed, and if you are going to do that sort of thing, somebody who understands this business is going to have to put it together like a Peter Dailey.

.. That is what it was--I was basically drawing the conclusions out of all this massive information, which was--which was coming in from different people. The fact is nothing happened.

. Q Well, you indicate that a principal--a central office in the U.S. Government should be identified as the principal point with this outside, independent group, and you indicate that it would be difficult for Faith to do it, because two of the principal audiences would be Congress and the media. Was it--was that the purpose of this group, to influence the Congress and the media? Was that what the consensus was of these discussions?

A I think these discussions and, of course, not all of them, some of them are a great raft of different types of people there, but the discussions focused largely over the fact that there was an enormous educational problem, and we had to get that story--we had to get the story out, and that if we were--if you are interested in getting it out, these people are all telling you, is essentially you are going to have to create something like a Committee for Present Danger and going to have to get some kind of an activist to do it.

Now, there is an informational problem, and they need to have some point in the government where they can receive written materials like this, and the logical place--

MR. LEON: Would you identify for the record, Mr. Raymond, what it was you referred to?

THE WITNESS: This is a document produced by Department of State--better one would be the one over there--produced by the Department of State's Office of Public Liaison--Office of LPD--

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MR. OLIVER: Let the record indicate that Mr. Raymond has several documents produced by the Office of Latin American Public Diplomacy and the State Department with which the committee is familiar.

THE WITNESS: It could be LPD, it could be Secretary, or whatever, but I think--it was the recommendation of John Poindexter if anything like that happened, it should be the Department of State.

BY MR. OLIVER:

Q You say in there that--when you sort of say that Faith Whittlesey's mandate would make it difficult for her to meet with committees of Congress, that this might argue for keeping the contract within the public diplomacy context where substantive support could be supplied as requested.

What do you mean by that?

A I mean that if you got a group of people who are concerned citizens about Central America, that if they requested information, they would be able to receive it, and this is--this is possible, American citizens can do this, and they would be able to get this type of material.

Q Did you--you recommended that Peter Dailey be asked to put the group together?

A Um-hum.

Q Was he asked to put the group together?

A To the best of my knowledge, nothing ever happened.

. Q Did you ever discuss it with Peter Dailey?

. A Not--not in this time frame. Peter, after the INF debate, went back to Ireland, and I think the general feeling was he would be out of--out of Ireland long enough, and he needed to stay there, because he had been out for a couple of months.

. Again, I repeat that--I mean, one can argue this both ways, but what this memo actually reflects--and the ones previous--a series of frustrations that existed in Washington and need to try to find some way to have a--and I kept reiterating throughout everything I write, genuinely bipartisan, centralist organization designed to engage in information, and that is what is stated here initially, informational programs, and this was basically where my thrust was.

. Now, that doesn't mean to say you may not find various testimony and other discussions, other people who had different approaches, but I was basically interested in trying to get the story out.

. Q Primarily, the effort was directed to trying to increase the support for the President's policy in Central America?

. A Absolutely.

. Q Did you ever discuss this with Peter Dailey?

. A I have discussed Central America with Peter Dailey at various stages, yes.

. Q Did you discuss this idea with Peter Dailey--

. A I don't believe I discussed this idea with Peter Dailey in 1983.

. Q When did you discuss it with him?

. A We discussed it at a subsequent date, and I would have to do some homework on that. I think--I think it comes back up on the screen and it is in something you have got here in 1986.

. Q You made this recommendation. What happened to it?

. A Well, I think--again, if memory serves properly, nothing. What happened is Faith Whittlesey continued to do her outreach, Otto Reich came on, put a staff together and started producing a lot of material, but we never did, to the best of my recollection, unless something happened I wasn't aware of, construct a coalition in the sense that I am talking about.

. I mean, there may be other organizations, but I was talking about a broad-based, bipartisan structure.

. Q So, all of this--all of these meetings with all of these public relations specialists and consultants and others, came to naught and nothing happened. Did you get a response to this memo?

. A Well, I think--I won't say, though, all--I mean, some of the ideas proposed as to how one gets a message across and so on, may have been reflected in some of the thinking. We needed to produce a paper like this, or you need to get the message out across the land, but I don't think an organizational structure came out.

. It may have been helpful for Otto Reich's benefit to get the benefit of the views of experienced people like Tom Korologos and Bill Greener, but I think that--basically that is the answer.

. Q Did you get a response from Bill Clark?

. A Well, the only response that I can see from what you are giving here, unless there is something that--one of the exhibits--my recollection is that by looking at this 29 August Raymond to Poindexter is--he and I must have talked between the 9th and the 29th, and he must have stopped and talked to the chain of command earlier.

. He must have stopped this memo--this, I agreed some of this--and I wrote a new cover note and said, you are right about--and proceeded to discuss this, so the response as best I can remember was an oral between myself and Poindexter.

. Q Well, let's move on to that memorandum that has already been marked as, I believe, Exhibit 6; is that correct? You have it?

. A Poindexter?

. Q Yeah. You said in that memorandum you continued to get a number of proposals about how we can generate a private sector program to support the President. Are you referring to proposals that you got subsequent to August the 9th?

. A I cannot answer whether I got anything between August 9 and August 29, but I had received quite a few during the summer months of 1983, and they were in a sense saying much the same thing, and that is why I was sharing it with--Clark and Poindexter.

. Q Well, you got--in the second paragraph, you indicate that Bill Casey called you on August the 26th and wanted to follow up on his idea to have a meeting with five or six public relations specialists, and said you put him off until after Labor Day.

. Why did Bill Casey call you to follow up on his idea?

. A He--I can't answer that specifically. I will try to reflect what I think might have been the situation. He was aware of the fact that I was interested in public diplomacy; he was aware of the fact that Otto Reich was or was about to come on board.

. He was aware of the fact that we needed to be more effective in how we were going to get our message delivered to domestic and foreign audiences, and the next step was that he advised me that he was meeting with these public diplomacy people.

I might answer your question if you are going to ask it. I don't know if the meeting ever took place. I don't recall having any feedback from it. Again, it is four years ago. But I have no further--to the best of my knowledge, the story ends here on this particular--proposal.

Q In the second paragraph, you refer to Gil Robinson moving to the State Department as the Public Diplomacy Coordinator.

A Right.

Q Did that in fact happen?

A He moved to State. The timing, I am not sure. It suggests from this thing probably in late 1983, but I can't be sure of the time. He was given a title that frankly was confusing in the Department of State, as I am sure you know. He became a Public Diplomacy Coordinator, sort of, to Shultz, and Jerry Helman was also operating and frankly, it was an unfortunate development, because it reduced Ambassador Helman's staff, and I think--created some confusion in the ranks as to command lines and responsibilities.

Q Well, let me ask you--you indicate in there that--you thought that he could be the glue to put this sort of public-private relationship together.

A Well, Secretary Shultz has occasionally commented on the need to have outreach, the need to involve the private sector in foreign policy, and without putting words in the Secretary's mouth, which I have no intention of doing, this business of citizens, foreign policy is something that the Secretary has talked about from time to time, and there was the question of whether Gil, with his background, might play that kind of a role.

One of the reasons I find that it attracted--frankly, Gil Robinson, as having been President of the New York Board of Trade and other kinds of things, knew that field, and he knew that field infinitely better than I did, and I frankly wanted to get my office and myself out of the middle of this, and part of what I was trying to do was, I have the problem, and this is not exactly grabbing at straws, but it would be very helpful if it could have been moved comfortably over to the Department of State, and if it could have been effectively and legally.

Now, the fact of the matter is that Gil Robinson's responsibilities at State were quite restricted and instead of coming on and creating a major presence in terms of private-public interface, he undertook a few specific projects--I remember one case where he brought in 50 CEOs to meet with the Secretary and key spokesmen on Central America talked about the problem.

But that is--it did not create a major new presence in either the public diplomacy field nor the Central

American field.

. Q You indicated in the last sentence that you philosophized a bit with Bill Casey in an effort to get him out of the loop. Why were you trying to get him out of the loop?

. A I felt it would be more appropriate for these issues to be dealt with by the Department of State or the NSC or people who had a responsibility for being involved in public diplomacy, including informational programs to the United States.

. Q Why was--why was Bill Casey involved in this? What was--what was his role here?

. A I think this goes back to his role in the Administration, and he was one of the key foreign policy advisors, and you can name the rest. I mean, the Secretary of State, Secretary of Defense, then National Security Adviser, and I think that the President, and I think this is probably true of some other Presidents, not all--I think the President found his advice important and useful, and he participated and history can judge whether this is the right role--that he participated in the foreign policy process, and frequently I think probably took his DCI hat off and looked at foreign policy issues as a senior member of the Administration.

. Now, it is in that capacity that I think he was obviously extremely concerned about the Central American issue.

Q You go on to say he was negative about turning the ball over to State, but positive about someone working on the problem from within State. Does that imply that somebody is working within State but the ball is somewhere else?

A That was not the spin I expected. Let me read it again. What it implies is a frustration, some might say a realization that the traditional lines in the Department of State were not going to be particularly energetic, and informational programs and someone like Gil Robinson, who had spent his life in the private sector and understood public relations, understood how one tries to project a message, would probably have more success in this than a traditional Foreign Service officer.

That is what is reflected from Bill Casey's side. I am not making a judgment on this, but I think that was behind his perception.

Q While you were in the White House, how often did you talk to Bill Casey?

A It is a descending scale. If that is the right word. Obviously, when I was in the Intelligence Directorate, very regularly, and--

Q When you say regularly, do you mean on a regular basis, daily basis?

. A Maybe it is a week or something like that.

. Q Did you meet with him regularly when you were--

. A Let me modify that--somewhere around the 1st of January, give or take.

. Q What year are we in?

. A I am sorry, 1983. Bill Clark decided to have a weekly meeting with Bill Casey. Every Thursday, 5:00, if I recall. While I was in the Intelligence Directorate, I very rarely had contact with him, other than at that meeting, but that was a weekly meeting. If I had--back with my intelligence hat on now--if I had concerns about the community, I would normally go through the easy channels of talking to the Exec Officer or the Chief of Staff or something like that.

. I think if you were to get all my correspondence from 1982 to 1987, you would see--it will support this descending trend. This is an August--this is an August memo, and I left that Directorate in July, and there was some--you know, you always have a slow disengagement on previous regular contacts.

. Q Did you stop sitting in on the meeting in July of 1983?

. A Yes, as soon as I left that Directorate, I stopped sitting in and my contacts with him were--very limited in.

let's say, the last three years. I mean, probably I would bump into him in the hall. His office was around the corner from the NSC on the third floor, and I probably had occasion to see him maybe three or four times a year in the last two or three years, so it was limited contact.

. Q But between January and July or August of 1983, you met with him on a weekly basis with Bill Clark?

. A Yeah.

. Q Just the three of you?

. A No. Often he would bring his deputy and often Bill Clark would have his deputies, Bud McFarlane and so on. Might have John Poindexter possibly, but you might have John McMahon. Sometimes it was three and sometimes it was six.

. Q In those meetings, did you discuss this subject of public diplomacy in 1983?

. A I--very rarely. I can't recall any specific occasions where we discussed it in one of those five October meetings. I wouldn't rule it out that we might have. I cannot remember anything specific on that.

. As I said, that we are going through a transition, and by the time that I had moved into my new responsibility and other people were then meeting with Bill Casey, there was a whole new communication set-up, and I quite frankly was extremely busy with my new responsibilities, and was quite anxious not to stay involved with the other

Directorate, because I thought it would be better to keep it separate.

Q Did you discuss the move from the Senior Director of Intelligence to this new job with Bill Casey prior to your taking the new job?

A I don't believe I specifically did, but I wouldn't rule it out. I might have. I think that my recollection, as far as it may be hard to believe that we were called in by Bill Clark and the reorganization was announced, and we all took a look and said--to find out where we were going to be sitting tomorrow morning.

Now, this does not mean to say there had not been discussion with various people. There had been discussion with me about the desirability of creating a Public Diplomacy Office, Information-Communication Office, and I had discussed it, but it was very--but none of us were totally certain as to how that reorganization was going to be, and it was an in-house thing, so I wasn't going to people outside of the NSC and discussing it.

I--I don't want to be naive, but it is very possible something like that was discussed one of those Wednesdays, because it was going to affect the liaison. I don't remember it, but it would not have been surprising if it was, and there was nothing remarkable that came out of that exchange that I recall.

. Q Do you think Bill Casey approved, or do you know whether or not Bill Casey approved the creation of this and the moving of you to Senior Director of Intelligence to Public Affairs, International Communications?

. A Yes. I think he would have.

. Q Did he?

. A I think--did he approve it in the formal sense? No--did he think it was a good idea?

. Q You don't remember whether you discussed it with him? Do you know whether or not Bill Clark discussed it with him?

. A No, I don't.

. Q Was there--

. A I have to conclude that it is probable that it was discussed in some context with him, because it affected his liaison. It affected his contact point at the NSC at the working level, but I don't recall the discussion.

. I do know that all of us had felt, Bill Clark, Bill Casey, had felt that there was a need for a number of activities, not so much what we are talking here, but in the broader sense of energizing other parts of the government to be doing things in the open--in the open, public activities, State Department, USIA, AID and Defense, so he favored concept and the philosophy behind the creation of the SPG--

. Q You were the one--

. A --so, it would not be inconsistent.

. Q You were the one reccommending that it be created, the SPG?

. A I don't want to take the full responsibility for that. I think it is a logical outgrowth of the discussions which were taking place in the NSC over a period of a year, and Bill Clark was personally very supportive of it.

. Q But you wrote the memorandum recommending--

. A I wrote it in conjunction with Cary Lord, who was--still active in that area.

. Q And when you left the Intelligence Directorate, your deputy then became the Senior Director of--

. A Right.

. Q --Intelligence. When did you first meet Oliver North?

. A Probably the first day I came into NSC, but I can't be sure of that, but he was on board and the staff officer, and that is the first time I met him. I had never known him before.

. Q And did you work with him at the NSC in your capacity as Senior Director of Intelligence?

. A No, not that I recall. I worked with him--trying to remember--well, I don't recall working with him when I was the Senior Director of Intelligence. I could have. I can't be specific, but I was--my recollection is in those days, the interface Central American policy channel ~~child need to have~~ from the people in Central America was with--I believe Al Sapia-Bosch, S-a-p-i-a dash B-o-s-c-h--and Roger--I guess basically Al Sapia-Bosch, and the reason why I would be dealing with it--with him was because he was the one who was interested in the issues that I was interested in.

I don't know, frankly, what Ollie was doing when I came there. It may be military issues.

Q When did he first begin to attend your NSPG meetings, or SPG meetings, whatever it was--

A Let me clarify some of the responses that have been made in the hearings on that. First of all, he was not a member of the SPG. Someone says that in one of the hearings. He was an NSC staff officer who was one of several with responsibility for Central America.

When the SPG Ex-Com met, we very rarely covered Central America, because it was largely being done by Otto Reich's team. On the other hand, when SPG met and there were frequently meetings discussing Central America, presentations by either Dick Stone or Otto Reich--to the best of my recollection, Ollie North never attended one of those meetings.

I believe this man, Al Sapia-Bosch, was the one who attended. Now, the question then comes back to what was his role with--you know, with Otto Reich? You have to ask Ollie and you have to ask Otto on that, but he was a person that I would talk ~~like~~ to from time to time, as I would other Central American people, when he began to get the Central American responsibility.

. I would also work very closely with Ray Burkhart, who was the principal officer on Central America--on Latin America. And I would work closely, with--who was the other person--it is principally Burkhart, he was the head of the Latin America Office, but sometimes Burkhart was available, and when he wasn't, Ollie would come in.

. Q How many weekly meetings did you chair or participate in in 1984, '85 and '86?

. A Well, this takes us back to sort of the Dante Fascell and George Shultz exchange. The Central American coordination on a day in-day out basis for public diplomacy was run by LPD, was not run by Walt Raymond. There were quarterly or semi-annual or annual reports which were sent over to the NSC--sent over to the SPG, which were status reports of progress.

. Now, we would meet with considerable periodicity, once or twice a week--sorry--once a week or every other week in a meeting in EOB, and this is where the confusion entered into EOB. This was a proposal suggested by Otto Reich so that we could use the EOB, since he was a Presidential appointee and since the way his appointment was made, that he had ties back to the White House, we would use the EOB as a meeting place for weekly or bi-weekly meetings on Central America, so we could keep the process moving forward, and I basically provided facilitative services and essentially co-chaired these meetings with Otto, but that--that was going on for two or three years, and we were seeking to implement the Central American action plans which were approved by the SPG.

Q Who else attended those meetings?

A We would have from--we would have a representative from--OPL, which is the Office of Public Liaison. That is the successor of Faith Whittlesey, that different people were in charge. Most of the time, Linas, L-i-n-a-s, Kojelis, K-o-j-e-l-i-s, would attend. I tried to insist of having somebody from the Central American Office, because public diplomacy does not make policy, but public diplomacy has to be in support of policy.

Therefore, you have done what the policy is, so I had tried to get Burkhart to come. Burkhart wasn't available. North came, and at one stage, Constantine Menges, M-e-n-g-e-s, would come.

NSC, State, we would have Otto and one or two officers from his office, and when he--when possible, we would get somebody from ARA for policy. We would have somebody from USIA, we would have somebody from DOD, we would have somebody from the White House or NSC, press and on occasion, we would have somebody from CIA.

. Q Now, did those meetings normally take place on a weekly basis?

. A Normally.

. Q Was that the Thursday afternoon meeting?

. A No. I think this was the Thursday morning meeting. I don't know what the Thursday afternoon meeting is. I can't tell about that. Meeting times changed. It was a weekly meeting.

. Q But it was a regular Thursday--once weekly meeting?

. A That is right, but periods of time--various points in time would be every two weeks, not that that is very important, but sometimes it would change.

. Q But isn't it true that for a long time, nobody from ARA attended those meetings?

. A It is true, but it was therefore the responsibility of Otto to be sure that he had the proper policy backdrop on which we could do all the program, and it was also why I wanted to have Ray Burkhart there.

. Q What was Ray Burkhart's position at that time?

. A Special Assistant to the President for Latin American Affairs.

. Q But in effect, ARA, while Tony Motley was the Assistant Secretary, was essentially not included in those meetings; isn't that correct?

A No. I mean, if the implication is that we were excluding Tony Motley--

Q I didn't say that. I said not included. I would say this--

MR. LEON: Was he excluded?

THE WITNESS: No, the ARA was not excluded, but there was tension, tension with Anders in the public diplomacy effort, tension with Motley in the public diplomacy effort. With Elliott Abrams, there is not tension, and you know this gets partially to personality, gets partially to--you know, other kinds of considerations, but I think at this point--I think that it is essential to have a policy person at these kinds of meetings.

There is somewhere in one of these--I talk about the need to have the policy involved. Public diplomacy has to be close to policy. The Public Diplomacy Coordinator should be in policy discussions, and one of the things hopefully he would say, you can't get from here to there. The public out there, whether the United States or overseas, isn't going to support you. This goes back to a more philosophical discussion, I think, we have had in another context, but it is essential to get them together.

Q So, this weekly meeting was co-chaired by you and Otto Reich?

A But--

Q Until 1980--what, early 1986? Otto moved to another job, and then you chaired it; is that right?

A Well, it is co-chaired in a nominal sense, but I want to be clear on one point, and that is that Otto Reich ran LPD, and they reported up through the State bureaucracy for all kinds of things. I was concerned from the NSC/TSPG side of assuring that the public diplomacy plans which had been approved on an interagency basis were being carried out.

And the character of the meeting is as--we would start and turn to Otto, and now Bob Kagen, and say, okay, what is going on? And they would report all the activities of their office and other people around the table report activities of their office, and very frequently that was the sum and essence of it, because one of the big problems in Washington is the left hand doesn't know what the right hand is doing, and--

Q Was there a note-taker present?

A LPD would take any actions that needed to be carried out, or anybody else would take any actions. We did not write a formal record.

Q Was there a note-taker present?

A No.

Q Was there any kind of reports or summaries of any kind that were made of these meetings?

. A Not in any formal sense. LPD would use it--LPD would take actions on the basis of the meeting, but those actions would then be part of the final record, rather than the meeting itself.

. Q So, let me get this straight. It is you and Otto Reich and Ray Burkhart and/or Oliver North and sometimes someone from the CIA or always--CIA always included?

. A They were invited.

. Q They were always invited. Could you tell us who was there?

. A I don't think--probably for the--

. Q Was it the--Chairman of the Central American Task Force?

. A A representative of his office.

. Q Did--and did you say DOD was also present?

. A Right.

. Q Was that Nestor Sanchez?

. A No, Irwin Kern usually.

. Q And from USIA, who was usually there?

. A Usually John Scaife.

. Q From USIA?

. A Um-hum.

. Q Wasn't John Scaife in the Office of LPD or Department of State?

. A It is a question of timing. You are absolutely right. He has been coming for the last 12-18 months, because he is back in the USIA, representing USIA. Before that, he was in LPD. Several people--previous to John Scaife may have been Don Mathis.

In other words, somebody was coming generally from the USIA Policy Office. That is where Mathis was. That is where Scaife was located.

Q Once the rig was created for Central America, how did this group interact with the rig?

A Well, this is why I am really trying to define my role as a--generally a modest one. I never attended a rig. The people who attended the rig were Burkhart--North--I don't know what North's role is with the rig. Burkhart always attended. I don't know whether North always attended or not. I just can't answer that.

And I know that Otto Reich felt he should attend the rig on a regular basis. I don't think he did. So, we were dependent on ARA or dependent on somebody from the NSC coming to give us policy guidance.

Q So, you took your policy guidance from the rig once it was created?

A Yes. We are talking about day in-day out, because the broad strategic guidance is something which was interagency approved and signed off on by the SPG, and it was largely schematic materials and so on.

I know that material is available in the public record someplace.

Q Who did the rig report to? I know Elliott Abrams chaired the rig, but who did the rig report to?

A I--not being involved in the policy side of that process, I can only say that I believe to the NSPG. I am not certain whether NSPG got in between.

Q When you say the NSPG, you mean the planning group chaired by the--

A But smaller than a full NSC.

Q I understand. Did you ever attend any NSPG meetings?

A On Central America. You are talking about--because I have attended them on other subjects. On Central America, I--um--I may have attended--I believe I did attend an NSPG meeting in 1982 with my other hat, but I attended--the--I only attended one NSPG meeting in my capacity in the public diplomacy responsibility, in my new responsibility, and that was on a radio-related subject.

Q Well, did--

A Well, I think you probably know about it.

Q Well, did--you took your policy guidance from the rig. Who told you to take your policy guidance from the rig?

A Well, I think that is the standard procedure for all of public diplomacy. You have got to--we take our policy guidance from the ongoing principal policy-making structure, whether it is the IG--the IG, the Interdepartmental Group (IG), is normally chaired by an Assistant Secretary and is normally the ongoing, daily workaday guidance process.

. When things get sticky or when policy negotiation in the road comes up or when senior authorities want to effect reviews, you can go either to the NSPG, the NSC or in some cases--and here I can't speak to this. They may go through the SIG process. The SIG--I am not frankly aware of very many SIGs taking place in the last couple of years in Washington.

. My sense is that most of these policies go from the Assistant Secretary-run group right up to the apparent body up to the time of Frank Carlucci. As you are aware, there have been changes since then.

. Q What I am trying to determine is you set up this--this SPG earlier, which includes a lot of very high-ranking people, and then their deputies, and here you have the rig that is chaired by an Assistant Secretary with two people well below that level, and it would--sometimes like you have got--an imbalance here or something that is not quite at the same level for this White House Central America Public Diplomacy Group chaired by Ambassador Reich and co-chaired by you, to be taking your direction from a rig--which none of you attend and it seems to be at a lower level; doesn't make a lot of sense to me, and that is why I asked the question, who told you to take policy guidance for them, because ordinarily in the government, if something like that happened, people would tell them to go fly a kite.

. A I think you have to differentiate between the policy track line and the public diplomacy track. What the SPG is is a very senior body, and the SPG is much more of a--is an organization which was designed to energize a community, energize a process, get people engaged in public diplomacy business.

. Now, it did not--at no point was^ever suggested that it would begin to replace any of the policy mechanisms, and we want to be very careful. Now, if the public diplomacists start trying to become policymakers, then you are going to have two competing policy bodies.

. So, I think it is not out of line for a public diplomacy working group, if you want to call it that, on Central America to be taking its policy guidance from the Assistant Secretary. I mean, Reich did not outrank, if you want to try--

. Q I understand that.

. A Yeah.

. Q But in effect, the only person from the White House in the rig was Oliver North.

A No, I think Ray Burkhart was there at almost all the meetings.

Q But he was below Oliver North.

A No, Burkhart was Special Assistant to the President.

MR. LEON: Burkhart was North's boss, in essence, wasn't he?

MR. McGRATH: Off the record.

[Discussion off the record.]

[Recess.]

MR. OLIVER: All right. Back on the record.

What was the last question.

[Whereupon, the reporter read the record as directed.]

[Discussion off the record.]

MR. OLIVER: Let's go back to where Mr. Leon said--is it true that Ray Burkhart was Oliver North's boss in the formal structure of the NSC?

THE WITNESS: No, in the formal structure, Ray Burkhart was the Special Assistant for Latin American Affairs, and Oliver North was assigned to a different part of the NSC.

MR. OLIVER: All right.

BY MR. OLIVER:

Q When the--when the Central American Public Diplomacy meeting took place in your office, you indicated that two of

Otto Reich's deputies attended on a regular basis. Was that Jonathan Miller and John Blaken?

. A Usually. They were the two deputies, that is correct, and they usually attended, but sometimes schedules interfered and only one person was there.

. Q When did you first meet Jonathan Miller?

. A When he was assigned to Otto Reich's office, LPD.

. Q Did you know him prior to that? Did you know of him prior to that?

. A No, on both counts.

. Q Did the NSC or the White House play any role in his appointment to that job, to your knowledge?

. A To my knowledge, no, although I have subsequently heard that--that the deputy job was one that the White House felt they might have an interest in filling. I don't believe that they played any role in the Miller assignment.

. Q Now, these meetings began, I take it, in the summer of 1983 in your office when you took over as the Director for International Communications and Public Diplomacy?

. A No, I think the regular meetings began probably towards the beginning of 1984. Otto Reich took on his responsibility sometime in the early fall or late summer of 1983, and he held several meetings in the Department of State, and he found that he was not able to draw the right people together under that sponsorship, and therefore he recommended that he begin to hold bi-weekly meetings in EOB.

And I basically accommodated him and that is when we led to this joint sharing of the responsibility.

Q And you attended those meetings?

A Yeah.

Q Were you aware of Oliver North's trip to Central America in the middle of 1984?

A I would have to be more specific. I know that Oliver North traveled overseas in a great deal--in different directions, and I couldn't be certain of any specific time that he may have taken a trip to the region.

Q Were you aware of him being given some responsibility for Central America within the NSC in 1984?

A I was aware he had an active interest in an involvement in Central America. I can't set the time. 1984 sounds about right. I was aware of the fact that he took frequent trips, some of which were to the region. We would occasionally hear reports from him at the senior staff meetings which touched on his trips.

I did not get very much information, you know, from Oliver North as to what he was doing. I do know he was in contact with the contras, but beyond that, I was not really involved in the details of his activities.

Q At these meetings, did you discuss the activities of Otto Reich's office?

A At which meetings?

Q LPD, the Central American public diplomacy meetings which took place in your office.

A We discussed what needed to be done, and most of the time, that meant by LPD. It might mean that we needed to get West European correspondence down to El Salvador or Nicaragua, or it might mean we want to try to find some way to bring some Central Americans up to the United States.

We would discuss various task aids for the office, and everybody would chip in. It was very free-flow.

Q When did you first meet Frank Gomez?

A I think he was still a DAS in some place. Probably public affairs and State, and he sat in on one or two meetings that I had on some subject, and he left or retired. I have only seen him two or three times since then.

Q Were you aware that he became a consultant to LPD?

A I was--yes, yes. I was not aware of all the details, nor was I particularly aware of his work responsibilities because I was more interested in tasking than being involved in the tasking process and discussion process. I was less involved in how you are actually going to get it done.

But I am aware of the fact that he was working with LPD at a point in time. I can't tell you now without recourse to records, which I might not even have, when he started and when he ended.

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. Q When did you first meet Rich Miller?

. A I think I met him about two or three times in my life. Would have been in '84 or '85.

. Q Do you remember what the occasion was?

. A Well, once in Ollie North's office. I was down there for some reason or another, and he was there, and I met him. And other places. Nothing very--nothing that I can recall with any specificity. Mindful of all the discussions taking place in the hearings, and I was very--hearing most of that for the first time.

. Q Were you aware that Frank Gomez and Rich Miller obtained a State Department contract from LPD in the fall of 1984?

. A I was aware after the fact that the contract had been signed, yes. I remember also talking to Otto and him making the comment that it had been looked at very carefully by the State Department lawyers.

. Q Were you aware that just prior to the period for this first contract, that Rich Miller and Frank Gomez and Otto Reich and Jonathan Miller and Oliver North had a meeting at IBC's office?

. A No.

. Q That subject wasn't discussed in your weekly meeting?

. A Not that I can remember.

. Q You never--didn't discuss during that period of time the fact that LPD was hiring this public relations firm?

. A No. I knew the contract had been let, and I knew they were doing some work. But you know, as to specific meetings with specific groups of people at times I did not necessarily--I wasn't following that activity that closely. I was aware of the fact that it was a contract.

. Q Well, didn't this sort of follow along the lines of your earlier memoranda and discussions about hiring an outside public relations firm to do some of these things?

. A What I understood--what I am talking about in terms of that kind of a firm--not a firm, that kind of a coalition of bipartisan coalitions--that was--I--I envisioned this as something vastly different than what you are talking about. We had hired a firm to write articles or to perhaps take care of Central American figures that are coming up. That is not what I--had been talking about in some of these previous exhibits.

. Q So, you indicated that you had only met Rich Miller and Frank Gomez a few times?

. A Correct.

. Q And you remember meeting Rich Miller once in Oliver North's office. Do you remember attending any meetings with Rich Miller, any substantive meetings that related to Central America and public diplomacy?

A I think there was a meeting that took place once with Lew Lehrman, L-e-h-r-m-a-n, Citizens for America.

Q What was that meeting?

A That was again the basic question of how to get, you know, the informational question, and Citizens for America, of course, has an information--national system for information distribution, and they were talking about what the issue was.

My recollection of this meeting was largely informational. We were discussing what was going on in Central America, and I think Rich Miller was there.

Q Would that have been on January 25, 1985?

A It could have been. I would think probably it would have been early '85, but I am extrapolating back without a calendar or book of notes.

Q Who chaired that meeting?

A Well, clearly Ollie North had been very active in setting it up, because I went there completely cold and there were a number of people around the table. My recollection is that Ollie--Ollie and Lew Lehrman, and again, it seemed to me largely a question of what is the problem and what is going on in Central America at that stage.

Q Was a project discussed at that meeting for Central American public diplomacy or generating public support for the President's policies? Was that the purpose of the meeting?

. A No question that the purpose of the meeting would be to generate support for the President's policies. I believe that there was discussion, but what came of it, I am not sure. There was discussion of trying to--Citizens for America was very interested in being active, and there was some discussion of the fact that they would try to develop an informational program, which would have a broad geographic ramification.

. That is my recollection of it. I don't know whether there is more to it or not, but again, I am operating two and a half years later, and I haven't revisited that since then.

. Q Was funding for this project discussed at that meeting?

. A I don't--I can't be sure. I think that Lehrman felt that he had money, but I don't want to overstate that.

. Q Was he seeking funding for his project? Do you remember?

. A I don't think so. I mean, my remembrance of this, as you say, January meeting--see, you have got a White House door list there--my remembrance of this was that it was really stating the problem and him being very concerned about Central America. Written a lot on it, and a lot of material that has been distributed throughout the country by the CFA, and I think he wanted to get an update on what was going on, and wanted to know what we were up to and what he could do to be helpful.

. Q Why would Rich Miller and Frank Gomez, representing IBC, be at that meeting?

. A I am not sure, other than the fact they listened to a discussion where there is going to be an outreach--informational outreach, and that is some of what they were doing.

. Q And you were aware that they were under contract to the Department of State?

. A I was aware that a contract had been concluded with them. I don't recall when the contract started and stopped, so I think we talked before that the contract was during 1984. I don't know how long that contract lasted. I really don't. Somewhere along the line the contract stopped, but I don't know when it was.

. Q Do you remember one of the ~~contacts~~ contracts being classified?

. A I certainly know that after the fact by listening to the hearings. I don't recall whether I knew that at the time, but I did talk to Otto about that, and Otto says it was for protection of some of the refugees and others who were involved in the program.

. Q And this became public, or at the time?

A Something I asked Otto just a few days ago, because I don't remember why it was a classified contract, and I have no reason to disagree with that, but that is what I understood now after the fact.

Q Did you discuss with Otto the deposition that he gave this committee?

A No. I discussed with him--I said I see that this thing is classified. He said, well--sources, and we just didn't talk any further about that.

Q Was he in town, or were you in Venezuela?

A No. This was--this was--he was here on summer vacation. He was in Washington.

Q And did you discuss with him the LPD and the whole genesis and what they did?

A Not at that time, because we both--we both new what he did. I mean, there was no need to review any of that with him.

Q Did you know a man named Jake Jacobawitz?

A Yes.

Q How did you know him?

A A member of the LPD team.

Q Did he participate in the meeting?

A That is when I made my previous comment that we always bring the two deputies. No, he didn't always bring them. Sometimes one deputy was not available, sometimes two were not available. One of the stand-ins was Jake Jacobawitz, so he attended a number of the meetings.

. Q Did you know Mark Richards?

. A By name only. I don't recall meeting him.

. Q Did you know that he was a consultant to the--to LPD during 1985?

. A I only know that because--because Otto mentioned his name. I don't know the man personally.

. Q Did you know what he was doing?

. A No.

. Q Did you know Barbara Garland?

. A No.

. Q You mentioned John Scaife earlier.

. A These people will be upset that I don't know them, because I think they assume I knew them all, and I don't.

. Q John Scaife was assigned to LPD from USIA; is that correct?

. A Correct.

. Q Did the White House have anything to do with getting these people detailed from other agencies to LPD?

. A Yes.

. Q What did you have to do with it? What was your involvement?

. A That is the kind of thing that the SPG process was, I think, able to do and do well, and that is that it is extremely difficult to get people detailed to another agency. People don't like to surrender bodies, and we wanted to have a strong interagency team, so in effect, we put a levy out and asked Peter McPherson, asked Cap Weinberger and asked Charlie Wick to help staff up the LPD office.

. Q And did they do that?

. A And they did that.

. Q And John Scaife came from USIA?

. A Right.

. Q Did anyone else come from USIA?

. A There is a fellow named--Johnson--no, I may not be right there. There is Steve--is there a Steve Johnson on the list? I think a fellow named Steve Johnson who is a USIA body, and there may have been somebody earlier. My sense is that we have had two from USIA at all times. One may have been the secretary.

. Q Who came from AID? Do you recall?

. A I don't recall immediately. I might if I saw the names.

. Q Was there--was there any discussion in any of your meetings about problems they were having with these contracts for IBC?

. A No, not in our meetings.

. Q Were you ever aware of any--any need for White House

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support for these contracts being concluded, or the bills being paid?

. A No.

. Q And you didn't know at the time why the last State Department contract was classified as secret?

. A I did not know at the time. I probably--I certainly could have found out if I had asked, but I did not involve myself in the management process. For example, I know again retrospectively that there was an IG inspection. I have not seen the IG report. I have not asked to see the IG report. I consider that is the management question that basically would be resolved by the Department of State.

. Q Do you know David Fischer?

. A Well, I know who he is, certainly. I think I have met him only in the sense that meetings that I have had--in the Oval Office, that he was there, I mean in the outer office, but nothing more than that.

. Q Did you ever meet him in the context of his being a consultant to IBC?

. A No.

. Q Do you know Marty Artiano?

. A No.

. Q In December of 1984, you had a meeting with a woman named Edie Fraser of ~~[illegible]~~ MiNER & Fraser Public Relations.

. A Right.

Q Miner [redacted] & Fraser.

MR. OLIVER: Off the record.

[Discussion off the record.]

MR. OLIVER: All right, back on the record.

I would like to have this marked as Exhibit 7, and it consists of a memorandum from Walt Raymond and Oliver North to Robert McFarlane, dated January the 8th, 1985. Its identification number is N-32245, and I would like you to mark that and show that to the witness.

[Walter Raymond Exhibit No. 7 was marked for identification.]

MR. OLIVER: Two attachments to that memorandum, documents identification numbers N-39629 and N-39830. They should actually be attached.

BY MR. OLIVER:

Q Do you recognize that document, Mr. Raymond?

A Well, you have got to kind of--a situation here where I guess I signed it--what is this--

Q Is that your initial next to your name?

A Yeah. It is written by Ollie and the ''we'' is myself leading. I will come back to that in a minute. Let me see what the rest says here.

Q Well, the first sentence says Ollie North and I--

A I am not suggesting that we didn't meet with Edie Fraser. I am talking about the second paragraph. Let me

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see what we are talking about here, because I have to refresh my memory.

Well, I have scanned this. Basically--okay, your questions?

Q The first question says, ''Ollie North and I met with Edie Fraser,'' which would seem to indicate that you wrote the memorandum. Is it your testimony that you did not write the memorandum, that it was Oliver North?

A Well, no, I clearly wrote the first paragraph. The second paragraph, I want to come back to, but I will deal with--take them one paragraph at a time.

Q Well, could you tell me about how you happened to meet with Edie Fraser?

A She was brought to my office by Ollie North.

Q And what did Ollie North tell you about Edie Fraser?

A That there was an idea afoot to--my recollection is she was brought to my office by Ollie North. I don't know who else would have been involved, but the issue here that I focused on, as I recall--now at that point--aside--what happened--let's work backwards, what happened was that there was a refugee--Nicaraguan refugee fund dinner, and was widely attended.

There were presentations by people--I don't remember their names--who were actively involved in an effort to provide assistance to people who were refugees, and there were films and so on that were shown, and the President did participate, and that was it.

I mean, it was a humanitarian effort. Some money was raised and given to the organization, and it went to the refugees. My recollection of reading the newspaper a few days later was I think $17,000 was raised.

A lot of these numbers thrown around here are awfully big, but that is what I understood was raised from the paper. Now, a lot of this other stuff, like referring to honorary committees and councils and all of that kind of stuff was a very elaborate effort to try to dress up--this is Edie Fraser and Tom Milner, a lot of either to try and dress up kind of a prestigious group to be concerned with humanitarian efforts in Nicaragua and provide the stimulant to perhaps increase public knowledge and perhaps public funding, private funding of the people who were refugees that had medical needs.

That is what a lot of this was in the first paragraph. To the best of my knowledge, a lot of talk and a very, very small product at the other end, and I am aware of utterly no follow-up. It may be that some of this gets taken and developed and molded by some fashion by other people, but that is all I am aware of.

Q It says in here that we have timed this campaign. Who is the we, you and Ollie North?

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. A Well, Gil Robinson was involved in this, somebody from the private sector for initiatives office--Faith Whittlesey, someone from her office was involved in this. Milner was floating around--Tom Milner was floating around in this. And they are public relations activists, and they came at us and said, we want to do this, and they want to start the public relations campaign and the big black tie event was marked.

. This is a lot of sort of P.R. language being played back into a memo here, which is not terribly appropriate, but that is the way it was going, and reading--I mean, there is a reference in here to having a meeting with corporate CEOs in Washington. I know I wasn't in any of those meetings, but I vaguely recall a small meeting taking place, but I cannot absolutely certify that, but that is not inconsistent, because he did, in effect, meet as you know from the testimony with major figures in the private sector from time to time.

. Q Did you ask Edie Fraser to undertake this effort?

. A I did not.

. Q Did Ollie North ask her to?

. A It came to me full grown.

. Q What do you mean?

. A In other words, when I was approached with this, we have a great idea for humanitarian effort with Nicaragua.

We think we should have a big dinner. We think this is the way to launch the campaign. This will heighten public knowledge of the situation in Nicaragua, and I, Edie Fraser and Tom Miner will carry this forward.

Now, who presented it to Edie Fraser--I don't know. I don't want to say Ollie North, but he is the only person--he is the only person I can think of who may have gone to her. I am not sure about that. It wasn't myself. I am not sure who went to Edie Fraser. Might have been one of the other people mentioned here, including Faith. I don't know.

Q On the attachment, it seems to indicate that these decisions to go forward with this need to be made by somebody in the White House.

A This was not--this attachment was not written in the NSC.

Q No, it was obviously written by her.

A Yeah.

Q And it--it refers to, I believe, the meeting which you and Ollie North had with her that morning.

A Right, she went back and wrote this in a very aggressive way.

Q And you got in there that we agreed that both Bob McFarlane and Faith Whittlesey are essential in making this decision. Did you agree to that?

A Well, I don't recall agreeing to that per se, but obviously, if we were going to have any effort involving the President or any of these other types of people that she is talking about, clearly they are the two people who would be essential to that, so I mean, that is factually correct. I don't recall that, but it is correct.

I mean, you can't involve the President, you can't involve this level of group without having Bud and Faith in full agreement. I don't recall it, but it is correct--I mean, it is not an incorrect thought that they have to be on board.

Q If you go back and read some of the other parts of this memo on--on page 2 of this memo, on 3(c), it says basic costs such as invitations must be determined, it says on the education campaign, we can present options within the next 10 days, and it has been decided that the State Department will coordinate through Otto Reich all information to insure that the materials are accurate and realistic, and it appears if you read this memo in its totality that Edie Fraser is relying on you and Oliver North to make all these decisions and to make all these things happen.

A She was trying to nail us to the floor on these points. No question about it. She is a very, very aggressive lady.

Q And did she nail you to the floor on them?

. A No. I think--all I know is that there was a dinner, and the President did come, so in that sense, the key thing that she wanted was the President to participate. That was done.

. Q Did you recommend the President come?

. A I think--my recollection is there is another piece of paper that goes forward. No, maybe it is here. There always has to be a schedule for something like this--this is to Bud--probably. I can't be sure of that. The fact that he did come--probably was recommended by us.

. Q So, you all worked with Edie Fraser to make this thing happen?

. A On a one-time basis.

. Q Did you run into problems with the White House Counsel about this briefing to be held at the White House, with the appearance of the President?

. A I do not recall, because as I said, I realize this isn't a joint memo, but I was not involved in any of the staffing about the corporate CEO thing. But God knows--we may find it in the proposed schedule--but I was not involved personally in the corporate CEO briefing. There is an elaborate--there was elaborate briefings that took place.

. Q I would like to ask the reporter to enter this document into the record as Exhibit No. 8, I believe. This is a memorandum from Fred Fielding and Counsel to the

President to Robert Kimmitt, Deputy Assistant to the President for National Security Affairs; subject: Nicaraguan refugees, dated January the 11th. The identification number is N-39625.

[Walter Raymond Exhibit No. 8 was marked for identification.]

BY MR. OLIVER:

Q I ask you if you ever have seen that document before, Mr. Raymond?

A I don't recall seeing it. You know, again, two and a half years. I may have, but I think I would have reacted pretty strongly to it.

Q How would you have reacted to it?

A I wouldn't have wanted to--well, I mean, I would want to be certain whatever we were doing was consistent with the advice of counsel.

Q So, do you know why the briefing went forward after that memo was written?

A No. I would think it probably should not have, on the basis of this memo.

Q Do you recall drafting a memo for Robert Kimmitt to send to Fred Fielding after that memo, asking him to give another opinion?

A Well, I don't recall it. If I wrote one, I don't recall it. It--you know, I just honestly don't recall it.

. Q Well, let me--

. A Did I ~~wrote~~ write one?

. Q Well, let me mark some other documents here. I would like the reporter to mark as Exhibits 9 and 10 a memorandum--well, make it Exhibit 9 with attachment, documents N-39622, a memorandum from Walt Raymond, Jr. to Robert Kimmitt, regarding a briefing of CEOs; and a memorandum from Robert Kimmitt to Fred Fielding regarding a briefing of corporate executives on Nicaragua. The first page is dated January 6, 1986; the second, January 17.

. [Walter Raymond Exhibit Nos. 9 and 10 were marked for identification.]

. MR. McGRATH: Is there a Fielding response?

. MR. OLIVER: In N-39622 and N-39169--

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BY MR. OLIVER:

Q Mr. Raymond, do you recognize those memorandums?

A Well, I recognize this issue. I do not, and I believe now that you have refreshed my memory that I do remember these memoranda.

MR. MCGRATH: Before we go on, would you be able to locate whether there was any response from Fielding pursuant to Kimmitt's January 7 memo?

MR. OLIVER: Yes, I do have that, and I will ask him about that in a minute. I am just trying to make sure I have it--yes, I do.

MR. MCGRATH: Could we say that with respect to these?

MR. OLIVER: Let's discuss these first and then we will discuss the response.

BY MR. OLIVER:

Q Do you--it appears from those memorandums that you were trying to get Fielding to reconsider his memorandum stating that it would be improper to have such a briefing in his opinion. Is that in fact what happened?

MR. MCGRATH: Well, first, if I might interject, I don't think the Fielding memo says it would be improper to do it.

MR. OLIVER: Well--

MR. MCGRATH: Just says it would be contrary to established White House policy.

MR. OLIVER: All right. I will accept the exact language since the document has been entered as an exhibit anyway, but he did counsel against holding the briefing or any other function coordinating with fund-raising for the fund initially, and then you wrote a memorandum to Kimmitt asking him to send another memo forward to Fred Fielding subsequent to this in effect asking him to reconsider. Is that correct.

THE WITNESS: But also clarifying what the intent was of the meeting with the chief executives.

BY MR. OLIVER:

Q Well, wasn't the intent originally to raise money for the refugees--I mean if we look at the memos that we have just discussed from you and Oliver North to Bud McFarlane and Edie Fraser's attachment after the meeting with you and Ollie North, it appears to me that the purpose of this endeavor was to raise funds.

Isn't that correct?

A The-- at the black tie dinner we are talking about now or with the CEOs?

Q At the Nicaraguan refugee fund dinner. I believe the briefing for the CEOs was designed to get them involved in this project. Isn't that correct?

I mean the initial memorandum from Fielding to Kimmitt indicates that they have asked for his views on a proposal to involve the President and the White House in fund-raising efforts for a private organization, the Nicaraguan Refugee Fund. Wasn't that what it was all about?

A Well, as far as I can reconstruct--I am reconstructing sort of here is that we are talking about a substantive briefing, about the problem. I think--

Q But the initial memo in January, the 11th, from Fred Fielding to Robert Kimmitt--

MR. MCGRATH: May I--

Q Surely.

MR. MCGRATH: Do you have a copy of whatever Kimmitt sent to Fielding posing the question initially?

THE WITNESS: That is this one.

MR. OLIVER: It is there.

MR. MCGRATH: No, initially before the January 11th--

MR. OLIVER: I didn't enter it in the record, but that is what it is.

MR. MCGRATH: But the attached proposal, is that--

MR. OLIVER: --I will enter this as an exhibit, as Exhibit Number 11.

MR. MCGRATH: Could we go off the record a second?

MR. OLIVER: Yes.

[Discussion held off the record.]

MR. OLIVER: Let's enter this as Exhibit Number 11.

[The document referred to was marked as Walter Raymond Exhibit Number 11 for identification.]

MR. OLIVER: It is Document Number 32244. It is a handwritten note from Bob Kimmitt to Fred Fielding asking Fielding if he perceives any legal problem with the attached proposal and the attachment was Exhibit 7.

BY MR. OLIVER:

Q I believe the question was whether or not in effect you were appealing the decision of Fred Fielding in asking Bob Kimmitt to have him reconsider on the basis of a memo that you drafted.

A I don't recall a great deal of this, but what I can piece together from this is that after the memo that you saw here from Raymond and North went forward, that it was probably bucked over by McFarlane to Bob Kimmitt, who was the General Counsel of the NSC, and he clarified what was possible and what was not possible in his memorandum.

First of all, he clarified what was possible and not possible in his discussions with us and indicated--us being the NSC staffers, and indicated what we were going to do if it were legally acceptable, and that is restated in his memo, the Kimmitt/Fielding memo where he said that we have made clear to the NRF that the White House would not be involved in fund-raising and that basically it will be a briefing, and I have no reason to believe that after we received this guidance from our General Counsel, Mr. Kimmitt, that we would do anything other than follow that guidance.

Now what we were doing under clarification, whether it was or was not the way that North and Raymond wrote the first memo, this was obviously NSC's position in the 17 January memo from Kimmitt to Fielding, and we would be obliged to follow that position. So therefore, no reason to believe that any actions that took place would do anything other than follow the Kimmitt instruction if Kimmitt was in fact authorized thereafter to proceed by Fielding.

Q Did you have any discussions with anyone about Fred Fielding's original memorandum after you, for the second memorandum to Bob Kimmitt--in other words, did you ask anybody to talk to Fielding to get him to change his mind or to give you the green light?

A I think that to my knowledge it is the only--Fielding's memo comes down on the basis of the paper that was written by North and Raymond.

MR. MCGRATH: I think it would be useful if--

MR. OLIVER: I am going to put that in the record in just a minute.

MR. MCGRATH: We looked at Fred's memo to complete the loop on this matter.

MR. OLIVER: All right, I will do that. I have another exhibit which I would like to enter prior to that memorandum which has some bearing on the question I have just asked.

MR. MCGRATH: Another point I am making is we seem to have a number of other pieces to the puzzle here, and I mean I don't see any point in not putting everything on the table at once.

MR. OLIVER: Well, I will be glad to do that, counsel. I was trying to--trying to ask a couple of other questions, and I would just like him to answer that question first before, and then I will put the other two exhibits on the table. I just wanted to ask whether or not you recall or remember talking to anyone else about trying to get Fred Fielding to ease up or change his mind on this.

A To the best of my knowledge, the answer is no. We wrote a paper. It may or may not have need for clarification. I think to some degree Kimmitt's memo of 17 January reflects conversation with us where the actions which were permissible as far as the NSC were concerned was clarified and we would obviously do exactly what was said here to Kimmitt and Fielding, if Fielding, in responding to

17 January, said okay. If he said, no, obviously that is something else again.

Q Do you remember discussing it with Ollie North after the first Fielding response?

A I don't remember going one on one with Ollie. Obviously there was some discussion with Bob Kimmitt. Whether Ollie was present or not because he has clearly made--made his own judgment here on the 17 January memo, and I think we had to talk to him about that.

Q Do you remember discussing it with John Roberts?

A No. I don't know, but--

MR. OLIVER: I would like to enter as exhibit whatever number we are on--12 and 13, two memorandums, the first of which is dated January 18, 1985 from John Roberts to Fred Fielding and the committee identification number is N39618, and the second is N39667, dated January 8, and is a memo from Fred Fielding to Robert Kimmitt.

I would like to mark those as Exhibits 12 and 13.

[Whereupon, the documents referred to were marked as Walter Raymond Exhibit Numbers 12 and 13, respectively.]

BY MR. OLIVER:

Q Do you recognize, Mr. Raymond, either one of those memorandums? Have you seen them before?

A Well, frankly, I don't remember seeing either of them.

Q You were aware that all this was going on, that there was some efforts--

A I am not--no. I mean you must perceive in my responses here which have been very uncertain. I am not aware of a lot of this, and I do not feel that I--you know, I don't recall being aware of this process of legal ~~[illegible]~~ reclaiming. I don't recall this.

Q Weren't you sort of the action officer on this.

A No, not necessarily. I know there is a joint signature, and I know that I wrote that memo, and I said Ollie, but that does not necessarily total up that I was the one working the Nicaraguan refugee event.

I was a part player of it. I was in one or two meetings, and then I phased out of it.

Q Did you also ask Bud McFarlane to attend that briefing?

A I had, to the best that I can recall, absolutely nothing to do with the CEO briefing.

Q Did you do--

A I didn't attend it. I didn't write the talking points for it. I don't even know where it took place, unless I have gone completely blank.

Q Are you sure you didn't write the talking points for it?

A I am comparatively sure.

Q Well, let me refresh your memory. I would like to have marked as Exhibit 14 a document dated January 22, 1985, a memorandum for Bud McFarlane from Oliver North and Walter Raymond, Jr., ''Talking Points for Briefing, Re Nicaraguan Refugee Effort.'' Its committee identification numbers are N14842,4344.

[Whereupon, the document referred to was marked as Walter Raymond Exhibit Number 14 for identification.]

BY MR. OLIVER:

Q Mr. Raymond, you have seen that document that is a memorandum from you and Ollie North regarding the talking points for the Nicaraguan Refugee Fund. Does that refresh your memory about whether or not you had something to do with writing the talking points?

A I did not write the talking points.

Q That is your signature on the memorandum.

A It is.

Q Who wrote the talking points.

A I presume Ollie North--in fact, yes, Ollie North.

Q Why is your name on that memorandum?

A Basically because Ollie North put it there.

Q But you signed it.

A I signed it because we had been talking about this issue before, and it came through as a package, so I signed it.

Q But the talking points are substantive.

A This one--

MR. OLIVER: I would like to submit as exhibits--

MR. MCGRATH: I think we are at 15.

MR. OLIVER: --documents which are, I believe, cover pages for documents within the National Security Council and the White House which have committee numbers N14869 and N14870 which are related to the talking points document, and of the same package, Number 0186 on them as appears on the talking points memorandum. And I would like to--

MR. MCGRATH: We don't--on that, okay.

MR. OLIVER: All right.

I would like to ask the reporter to mark these.

[Whereupon, the documents referred to were marked as Walter Raymond Exhibit Numbers 15 and 16, respectively.]

BY MR. OLIVER:

Q Now, Mr. Raymond, these documents which I am going to show you were attached to those talking points, and the first document has written on the bottom of it, ''Return to Raymond for further action, cc: to North and JMP, (the entire page.)''

The second one says, ''Return to Raymond, North, Walt, Ollie, reconsider in light of Fielding memo.''

A So these are for different memos then. Right?

Q There was--

A Let's see, this is the talking points--what does this thing go with?

Q With the Fred Fielding memorandum, which is--

MR. MCGRATH: Could we go off the record a second?

MR. OLIVER: Yes, go off the record a second.

[Discussion held off the record.]

MR. OLIVER: Could we go back on the record?

BY MR. OLIVER:

Q The two documents that have just been put into evidence were cover pages for documents which bear the numbers 0186 and 0197--add--add on--which corresponds to the White House numbers on exhibits 7, 8, 9 and 10, but apparently all of these came out of the same White House file.

Is it your understanding, Mr. Raymond, knowing the White House document system, that all of these documents came out of the same system, one file with the number 186--

MR. MCGRATH: Before Mr. Raymond responds, the record should reflect, however, that Exhibits 15 and 16 are not, however, date stamp numbered in consecutive order as if they came from the top of Exhibits 7, 8, 9 and 10.

MR. OLIVER: Well, we don't know. That is why I am asking if he understands the--

THE WITNESS: What I would state is if you have a number like this, that is an action number for the NSC and or some reason or another you have follow-up or add-on actions on the same action you may have it marked as either follow-up or add-on, but having said that, I can't put these things together in a margin which indicates to me what the difference is between these two cover notes, and they are--I realize one says add on, and one doesn't, but it is not clear.

BY MR. OLIVER:

Q Well, is it fair to say, Mr. Raymond, these documents that we have been discussing for the past few moments indicate that you were involved in the effort to have the briefing for the CEO's on Nicaraguan refugees approved?

A No, it is not fair to say that/ because I realize my signature is on these. I have not seen--to my knowledge I do not recall--I am having trouble reconstructing this cover note--I do know the action on ~~this~~ the reclama was handled by Ollie. I realize my signature was on this.

The action on reclama was handled by Ollie.

Q But it is your testimony even though your signature is on there, Ollie North was the person who was pushing this reclama?

A In terms of the CEO briefing, that is right.

Q You just assented to it and was not involved parallel and was not involved in talking points either.

A Even though I had my signature on it. It was a lesson I should learn for the future.

MR. FRYMAN: Can we go off the record?

MR. OLIVER: Go off the record.

[Discussion held off the record.]

MR. OLIVER: Back on the record.

BY MR. OLIVER:

Q Did you have any further involvement with the briefing for the CEOs which took place in the White House.

A No, I did not. I acknowledge--I mean this is my signature. I don't question that in terms of the talking points.

Q Did you attend any briefings or meetings prior to this CEO briefing that were related to it?

A To the best that I can reconstruct, the only aspect of this program that I was involved in at all was discussions concerning the dinner. We have one evidence where there was discussion concerning the dinner, and I think there may have been a second meeting concerning the dinner, and that is it.

Q Did you attend any of the events, the briefing or the dinner?

A No briefing. I attended the dinner.

Q Did anybody else in the White House attend the dinner?

. A Quite a few people. I can't identify them all, but it was well attended.

. Q It was well supported by the White House.

. A You know--yes, I think it was quite well-supported. I don't know how it can't be precise. Quite a number of people.

. Q You were not involved any further with Edie Fraser during the preparations for the Nicaraguan Refugee Fund dinner?

. A I had one meeting which I think we stated--the 8th of January, I believe, and I think there was one more meeting.

. Q Was the dinner a success?

. A Not particularly.

. Q What do you mean by not particularly?

. A Well, according to press reports--I have no knowledge of this first hand--according to press reports $17,000 was raised which was given to the organization that was providing direct humanitarian assistance to the children and to the families.

. Q Who else was involved in the White House and in coordinating or working with the people who were putting on the dinner besides you?

. A Well, my involvement, as I have said several times, was very limited, so I can't be absolutely certain who else was. I was in one other meeting and that was it, and there was a lot of discussion that obviously had to take place, and I don't know.

May have been--I notice that Bob Riley's name was in there and Faith Whittlesey's name, so I think the Office of Liaison had something to do with it.

MR. OLIVER: I would like to ask the reporter to mark this document as Exhibit Number 17. It is an NSC intelligence document with the committee identification number, 4030 through 40315--40300 through 40315.

[Whereupon, the document referred to was marked as Walter Raymond Exhibit Number 17 for identification.]

BY MR. OLIVER:

Q I ask you to look at this memorandum and the attachments, Mr. Raymond, just for identification, and ask you if you have ever seen this document before.

A I have not seen this document before it was given to me by the press within the last month, again, as another piece of evidence that had been presented on the committee. The chronological events check list I had seen some--or most of this before.

I had never seen this little thing at the end, this little advertisement, but I had not seen the cover memo. That is--the point, I might say, that the way it works, if I were to have seen it or be part of the process, I would have been down in the coordination part--

. Q But you did see the chronological check list which was attached?

. A I have to say I don't know whether this is exactly what I had seen before, but I had seen something like this, yes.

. Q Did you ever see documents of this nature of the chronological events check list while you were at the NSC.

. A Well, yes. I mean this particular document, as stated here, is something that has emerged from an action group that Pat Buchanan was chairing.

. Q Were you part of that ad hoc working group?

. A I noticed there were four meetings. I think I attended one or two of the four.

. Q Were you given responsibilities in those meetings for events on this chronological check list?

. A I have to check each of the ones. I would say, yes, but I am not sure that each one here is accurate. I will have to read each one.

. Q Well, let me go through the ones where you were mentioned. On page 40303, the third paragraph indicates, ''Assigned U.S. Intelligence Agent to research, report and clear for public release Sandinista military actions violating the Geneva Convention/civilized standards of warfare.'' The responsibility indicates NSC, North and Raymond.

. A All right. In this particular case this was done by North, not by Raymond. There could have been a dimension of this if the LPD office had been collating material on these types of human rights violations. Might have been type of an item like one of those booklets I passed around. Might have been one of the items that LPD helped produce, but in this case I did not have any action.

. If I see my name listed here, that does not mean I had an action.

. Q All right. On page 40305, it indicates in the third paragraph, ''Brief the Presidential meeting with Lew Lehrman and other leaders of the influence groups working on MX and resistance funding,'' and it has there, ''NSC Raymond, North.''

. Were you responsible for that?

. A I was not responsible for the Presidential meeting to the best of my knowledge. I did participate, as I mentioned earlier in that White House meeting with Lew Lehrman, but at a much lower level, and I do not recall being involved in any scheduled proposal for the President's meeting with Lehrman. I could be wrong because there are a lot of schedule proposals, but I don't recall that.

. Q It indicates that--in that paragraph that these influence groups at the Presidential meeting with Lew Lehrman were working on MX and resistance funding.

. A That is right, but I didn't participate.

. Q How were they working on resistance funding?

. A I don't know. I wasn't part of it.

. Q Even though you are listed as being responsible for it along with Ollie North, you don't know.

. A I didn't write this memo, and didn't sign on the paper that went forward.

. Q But you did attend.

. A I attended a Lehrman meeting with that group that you have in the listing.

. Q Well, that event took place sometime prior to this.

. A That's the only time I ever met Lew Lehrman.

. Q But my question was do you know of influence groups that were working on resistance funding?

. A No.

. Q On page 40306, there is in the third paragraph, it indicates review and restates themes based on results of public opinion poll. State--and the responsibility indicates State/LPD, Otto Reich, NSR, North and Raymond.

. Do you know what that refers to?

. A Not specifically, but I do know that I would work closely with Reich on opinion polls and then try to adjust themes as required.

. Q Were you taking public opinion polls?

. A No. This is opinion polls that were--that were in the public domain.

. Q Not a particular public opinion poll that was done by you or LPD.

. A No.

. Q On page 40310, it indicates, first paragraph, ''Nicaraguan Refugee Fund dinner, Washington, D.C.; President as Guest of Honor. Responsibility, State/LPD, Miller, NSC, Raymond.'' Does this refresh your memory about whether or not you were involved in the preparation for the dinner?

. A No. I was involved in some aspects of the dinner. I was involved--honestly more at the margin than the center. What we had was I had that meeting on the 8th of January and one other meeting that I recall, but the process moved over to State, and I was not a major actor in the details and there were a lot of details.

. Q Was this meeting--was this Nicaraguan Refugee Fund dinner a topic of your Central American public diplomat meeting?

. A Not particularly.

. Q Who is the Miller referred to?

. A Jonathan.

. Q It is Jonathan, okay.

. How do you know that is Jonathan Miller and not Rich Miller?

. A All right. I would say I can't be 100 percent sure. There is only one Jonathan Miller in LPD, and that is the extrapolation. I would have to say on the basis of this it appears to be. I know that on the case of the Nicaraguan Refugee Fund Dinner, there was work done in LPD on it.

. Q And it was done by Jonathan Miller.

. A I--I am not sure. I think so, but I am not 100 percent certain.

. Q On page 40313, the fourth paragraph indicates ''Visit by various members of European parliaments who support the President's various policies on Central America; Responsibility, NSC, Raymond, White House Office of Public Liaison, Riley.''

. Were you responsible for coordinating that visit?

. A Basically Riley did this with about six parliamentarians. They did see the President. I met them in context when they were here. I think we had a luncheon with them in the Proposal Room. When it is a foreign policy issue, most of the time you get a co-sponsor. If OPL goes forward with the schedule proposal, most of the time it is an NSC officer. I co-signed.

RPTS MAZUR

DCMN PARKER

Q Do you know who funded the visit of the European members of parliament to the United States?

A I think they ~~pay~~ paid for it themselves.

Q None of their activities were funded to your knowledge.

A To my knowledge.

Q Further down the page there is a listing that says, ''Conference on Religious Freedom, Presidential drop-by in Room 450, OEOB; Responsibility, NSC Raymond.''

MR. BUCK: Is that relevant, Mr. Oliver?

MR. OLIVER: We will find out in a minute.

If you look at the top of the page, counsel, it says, ''Public diplomacy Presidential events regarding Nicaragua resistance.''

THE WITNESS: My recollection is that we had several religious figures from Nicaragua that were in town, and we had a conference with a number of people interested in that subject, and we had a Presidential drop by in 450. I don't know if that is accurate.

BY MR. OLIVER:

Q Who sponsored the visit of these religious leaders? Do you know?

A I do not recall.

. Q Do you know whether their visit was funded by U.S. Government funds either directly or indirectly?

. A I--unfortunately, I do not. I have to check the records. I don't remember.

. Q Was it your understanding that this time line was of events and activities--was designed to influence the congressional vote on aid for the Nicaraguan resistance?

. A No. I think--every time there was a--you know--an effort to--was a vote that there were efforts that took place someplace in Washington to try to focus the issues, and this particular case I think Pat Buchanan had the lead on this.

. The diplomacy effort that I was involved in was basically on the margin, and I suspect there was that very much in mind.

. Q Why do--do you know why the names of Frank Gomez and Dan Kuykendall ~~Wechdall~~ appear in this time line with responsibilities?

. MR. MCGRATH: Do you have a specific one?

. MR. OLIVER: Well, they appear on page 40304 under the heading of State/LPD with the name, Gomez and Kuykendall ~~Kirkdall~~, appear twice.

. THE WITNESS: I don't know specifically.

. BY MR. OLIVER:

. Q Did they attend any any of these meetings.

. A No.

. Q Who attended the ad hoc meeting with Pat Buchanan.

UNCLASSIFIED

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A The meeting I attended and I didn't attend them all--was a heavy collection of people from the congressional side, State and the White House, and then there were a few other people such as--well, Buchanan chairing, North, I think Reich was in the meeting, Miller, Jonathan, from LPD.

I think probably Constantine Menges was there in this time frame, so you had State and NSC, White House--I think principally. And as I say, you were principally dealing with congressional strategy.

Q Let me turn for a minute to another subject. You were involved, were you not, with--

MR. MCGRATH: Just one second.

[Discussion off the record.]

MR. MCGRATH: Sorry.

BY MR. OLIVER:

Q You were involved, were you not, Mr. Raymond, with the International Youth Year activities?

A Yes.

Q What was your involvement?

A I basically was a coordinator in the White House in trying to provide focus to an International Youth Conference that took place in Jamaica.

Q When did you assume that responsibility?

A I guess it would be sometime in mid 1984.

Q Who asked you to do that?

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A Well, it started--the International Youth Year, you know, was observed in 1985 and there was an effort to try to determine what one could do in the international arena which made it of interest to the National Security Council, and these kinds of functional things basically fell into my office.

We worked--it worked very closely with State and with USIA to develop the governmental side to that issue.

Q Were you given that assignment by someone or did you just sort of step into it?

A Well, I think--I think in some cases you step into these things when they are in your functional area. I mean youth, waiver, business. These are sort of the generics that are part of the democracy-building umbrella that was sort of lodged in my office, so these kinds of functional issues would come here.

I would say one thing. I don't know whether this would simplify our discussion, but I would like to make one statement. I have never in the entire time I was in the NSC discussed the International Youth Commission which is on the Ollie North funding chart with Ollie North. Secondly, Ollie North never participated in any meeting that ever took place with me or anyone else that I am aware of on the International Youth Commission, the International Youth Committee or anything to do with Jamaica.

. I know that is in that chart, and I would just like it on the record saying there was no Ollie North involvament. I have on idea why--to my knowledge--why IYC is on that chart. I do know that we have run audits both through AID where a great deal of money came from, and I believe there was a parallel audit in Jamaica in which the authorities were very satisfied that the money had been spent properly with no diversions.

. Q International Youth Year was a United Nations effort, was it not?

. A Yes.

. Q Was the Bureau of International Organizations at the Department of State involved?

. A Yes.

. Q Did they have a primary responsibility?

. A They had a major responsibility, a fellow named Dan Phillips, and--at all times we worked very closely. I am not the big guy who ran International Youth Year. This was very much a joint effort, and it was--many of the meetings took place in the State Department, sometimes they took place in the NSC.

. Jerry Helman was involved with his Office of Under Secretary and others. Phillips' departure for an overseas post left somewhat of a void in--on the state side.

. Q How did Roy Godson become involved in International

Youth Year activities?

. A Well, this may not have much relevance to the Iran contra thing, but we are getting into sort of history here. When I was looking at it from the point of the international dimensions in Jamaica, Roy Godson and groups that were trying to create a--something analogous to an IYYC, a U.S. IYYC Commission, within the process of being formed and created, and--

. Q Was Roy Godson a consultant to the NSC at that time?

. A Yes, he was. I don't recall. I could be wrong on this. I don't recall that--I would have to check the records on what Roy Godson was doing. I don't believe so, but I would have to check that.

. Q Were you involved in trying to raise funds for the International Youth Year meeting in Jamaica?

. A Yes, in various ways. Particularly, trying to get AID funding, see what USIA could do for facilitative purposes and try to get foreign national funding, German foundations, and there were a couple of occasions when private people who were close to Seaga--Prime Minister Seaga of Jamaica, came to Washington to see whether they can help support the Jamaican youth conference.

. There was also an effort by the American Ambassador, I believe, to reach out to some of the American corporations with Jamaican subsidies to see whether they could facilitate the effort. Again, it was an interagency process from our side.

I was involved and State was involved, and AID was involved, and USIA was involved. When that kind of thing happens, even though most of the work may be done in State or AID, someone has got to coordinate it, and after Phillips left, I ended up picking up a bit more of a coordination responsibility than, frankly, I would have liked.

Q How much U.S. Government money were you able to obtain for the International Youth Year?

MR. BUCK: I want to state an objection for the record on behalf of the minority before this continues. If Mr. Oliver can't show relevance to the Iran contra affair, the diversion of funds or anything else that is associated and outlined in the resolution, I would request that he cease this line of inquiry.

MR. OLIVER: I will get to that, counsel.

MR. MCGRATH: Actually, could we go off the record and could you state, you know, what the relevance is going to be?

MR. OLIVER: Sure.

[Discussion held off the record.]

MR. OLIVER: What was the last question?

[The pending question was read by the reporter.]

. THE WITNESS: I don't have this in front of me, but my recollection--this is obtainable. I mean this is a fact. My recollection is in excess of a million dollars.

. BY MR. OLIVER:

. Q And those funds came from a combination of USIA aid.

. A The U.S. Government money was largely AID. USIA money was in the sense support costs--a little limited amount of travel and that sort of thing. AID was the principal funding.

. Q Were there any other government agencies besides USIA and AID involved in funding the conference?

. A No.

. Q Did you attend the conference?

. A No.

. Q Did you go to Jamaica in preparation for the conference at any preparatory meetings?

. A No, Gerald Helman did.

. Q Were you aware that at the conference a committee or a steering committee was set up known as the International Youth Year or International Youth Committee?

. A I was aware that a structure was proposed as part of the conference deliberations. It included a number of international youth figures. Because of no follow-on funding, that structure never really came into being. There was a parallel Jamaican structure which was to house this called something--possible Jamaican Youth Committee, possible International Youth Committee. I don't know.

. There may have been a door plate, limited funds were still available, and the principal officer in the Jamaican government, Errol Anderson, on behalf of Prime Minister Seaga, very much wanted to see a follow-on international youth structure which could be democratic; it could be some kind of a balance in Soviet sponsored youth festival and their organizations such as WFDW.

. The money that was left over, I cannot be precise on. But this is a matter of public record, both in Jamaica and in AID. One or two staffers were kept on for a period of time and funded while others hoped that funds would come on line. Funds didn't--

. Q Were any of those staffers Americans?

. A I don't think so. I don't think so. And where we are now, is there no organizations left? I mean, that is all finished.

. Q Did you attempt to obtain funding for the follow-on activities?

. A Well, I wanted to, but as we both know, there was a congressional edict against it, so therefore you couldn't use USG funds. I had talked to the Konrad Adenauer ~~Conrad Adenoir~~ Foundation before the conference, and had hoped that they would be interested in a fairly substantial support for a follow-on organization, but they were only interested in supporting a follow-on organization if the United States Government were also prepared to support a follow-on organization which was not possible with the legislation.

. Q Was Roy Godson involved in the follow-on organization?

. A Well, since--I mean it really wasn't any follow-on organizations, so he was basically out of it.

. Q To your knowledge, he had no involvement in the follow-on organization?

. A No. He was--to be frank, he was obviously a friend of and in contact with Errol Anderson, but there was no follow-on activity, so I mean--you know, a door plate and one or two people on a retainer basis for a few months while Seaga and Anderson hope there will be funding for a new Democratic International in the youth field.

. None comes. It atrophies, and of that. Now, how much money we are talking about, I don't know, but my understanding is very little.

. Q Where did you get that understanding?

. A Talking to Errol Anderson.

. Q Did--

. A I don't have a document. I do know where AID money was spent because we have an audit.

. Q I am talking about the follow-on now.

. A I can't.

. Q To your knowledge, did Roy Godson attempt to raise money for the follow-on activities.

. A To your knowledge, he had not. He wanted to see, and candidly he wanted to see a follow-on activity, but he knew that we were unable to do it from the government's side, and he knew it wasn't possible for the private side.

. Q Did you know that Oliver North asked Roy Godson to raise funds for projects in Nicaragua.

. A No, I did not, and I can make no comment. I did not.

. Q Did you ever meet a man named Terry Slease.

. A No.

. Q Did you ever meet a man named John ~~[illegible]~~ Hertl?

. A No.

. Q Scott Miller?

. A No.

. Q When the allegations were made in the press after the Tower Commission report that the International Youth Year Commission might have been related to the International Youth Year activity that you were involved in, did you attempt to find out whether or not Oliver North was involved with the follow-on to the International Youth Year Committee.

. A Well, first recall this came out in--it was after people had left so that I couldn't go in and ask Ollie North directly, which I would have liked to have done, but I would say there is no way to check what I had available to him.

. In other words, the best of my knowledge there was no diversion of funds to the contras, to the best of my knowledge there was very, very little, if any, money left over after the conference, and if it was, it was in the possession of Minister Errol Anderson, who was holding it in escrow and using it on a slow basis for guys on retainer, hoping the funding would come in, and I have not seen Errol Anderson in the last few years--once or twice, and I have asked him about this, and as best I can figure outline--we are talking about, you know, something on the order of about $25,000.

. Q My question was whether or not you attempted to find out whether or not Oliver North had been involved in the follow-up to the International Youth Commission.

. A I made no specific effort to pursue that at that time. This was now, what? February? Something like this when it comes out--March? At that point, all files had been sequestered from the NSC. There was none to ask--unless we were going to do an audit. The audit had been done before, so we knew what the audit said.

. Q Did you attempt to find out whether Oliver North--

. A I said no three times.

. Q Did you discuss this with Roy Godson?

. A I did discuss the allegations of the IYC, IYYC with Roy, and I said, ''What the Heck is this?''

. Q And what did he say?

. A He was absolutely amazed to see it on the chart. He thought it was dead wrong.

. Q Did he indicate to you at that time that he had some involvement in fund-raising for these projects in Central America with Oliver North?

. A He did not.

. Q Did he report to you at the White House as a consultant?

. A No, if he reported to anybody probably reported to John Poindexter, but he did not report to him. He occasionally did things for me, but they were not obviously in the area that involved Central America.

. Q Do you know Rob Owen?

. A No.

. Q I am going to ask you a series of names now, and we can get this over with, hopefully, very quickly.

. Q Richard ~~[illegible]~~. Secord.

. A No.

. Q Albert Hakim?

. A No.

. Q George Cave?

. A Yes.

. Q Did you know George Cave in any context related to Nicaragua or Iran?

. A No.

. Q Amiram, A-M-I-R-A-M, Nir, N-I-R?

. A No.

. Q Jacob Nimrodi?

. A No.

. Q Al Schwimmer?

. A No.

. Q David Kimche.

. A No.

. Q Adnan Khashoggi?

. A No.

. Q John Shaheen?

. A No.

. Q Did you have any knowledge of the effort to raise money from third countries for the Nicaraguan resistance?

. A No.

. Q Do you know, [redacted]

. A Yes.

. Q Did [redacted] have any involvement in funding or seeking assistance for the Nicaraguan resistance, to your knowledge?

. A To my knowledge, no.

. Q Do you know--did you know Glen Souham?

. A No.

. Q Do you know Neal Livingston?

. A No.

. Q Terry Arnold?

. A I know--who is Terry Arnold? Where does he sort of fit in--no, I don't think so. I know a Tony Arnold. I don't think I know a Terry.

. Q Bruce Cameron?

. A Yes.

. Q How do you know Bruce Cameron?

. A We were both on the--Guatemala--Presidential election observer team to Guatemala.

. Q Dan ~~Kirkdall?~~ Kuykendall?

. A Yes.

. Q How do you know Dan ~~Kirkdall?~~ Kuykendall?

. A Well see--how do I know him. I met him once with Ollie North.

. Q You had a meeting with Ollie North.

. A No it was a group of people. I am trying to remember who was there.

. Q There is an indication on Oliver North's calendar in here somewhere there was a meeting with you and Dan Kirkdall. Do you recall such a meeting?

. A I recall a meeting--but I don't recall the dates. I don't recall context.

. Q How about February the 16, 1985?

. A Could be.

. Q Do you remember what the meeting was about--11:30 in Oliver North's office?

. A What I recall on this, and it is hazy, is that--I basically remember something to the effect that we had a mutual--

. Q Sorry, may have been 1986.

. A My recollection is that we had a mutual friend in France that had been a very distinguished French governmental official that I knew.

. Q Was this a French intelligence--former French intelligence official?

. A Yes, and we were discussing him.

. Q That is what the discussion was about? Were you aware of any funds that were raised by Spitz Channel or any of his associates going to fund the Nicaraguan resistance?

. A No. I have never met Spitz Channel.

. Q Did you ever attend a meeting at Dan Kirkdall's town house with Oliver North to discuss legislative strategy on AID to the Nicaraguan resistance?

. A I did once.

. Q Why were you at that meeting?

. A Well, I was there because I was invited. I don't think I stayed for the whole meeting. In fact, I know I didn't. I don't recall, particularly, who was there. There are a number of outsiders. I know ~~Kirkdall~~ Kuykendall was there. I know Ollie was there.

. Q Sam Dickens.

. A Yeah.

. Q Jacob Ramof?

. A I am not sure I know--see the guy for Citizens for--yeah, I think he was there.

. Q Lynn Bouchez.

. A Probably.

. Q Otto Reich.

. A Yeah, Otto and I both left early because, frankly, it was not appropriate for both of us to be there, and we weren't necessarily particularly briefed as to what the meeting was about, and we did not stay there for the whole thing.

. Q Who aske[illegible]ou to go to the meeting?

. A I believe Ollie.

. Q Did he tell you he wanted you to come?

. A I think it was something like the lines that it would be a useful meeting, sort of like that to discuss Central America.

. Q What happened?

. A Pardon me? What happened at the meeting?

. I don't remember at all, but it was a question of--getting involved in a congressional strategy which, A, was not my responsibility when--most of the times when these meetings took place, whether it was under the aegis of the legislative council, the legislative councils, I would not get involved in them, because that was generally held separately from public diplomacy.

. From time to time when something like this happened, they sort of put a net out to include people. I would get asked, and as I said, I did not stay for the whole thing.

. Q Were you aware that Arturo Cruz was on--was a consultant to the NASA strategy information center.

. A No, I was not.

. Q Were you aware that Arturo Cruz, Jr.--

. A Junior or senior?

. Q I think it was senior in this.

. A No, I was not.

. Q Were you aware that Arturo Cruz, Jr. was a consultant to the Department of State or given a contract by LPD?

. A No.

. Q Do you recall a lunch on Friday, April 19, 1976, in the White House Mess with Otto Reich, Oliver North, David

Wopler and Larry Spivey? Wopler, W-O-P-L-E-R.

. A It is Wolper, the media producer--movie producer, David W-O-L-P-E-R.

. Q What was the purpose?

. A And the lunch make-up was--did not include North despite the fact he is listed there. There were four of us--Spivey, Raymond, Reich and Wolper. It was a conceptualization discussion of whether--ideas about Central America and how one may tell the story better and we were--David Wolper was thinking about the possibility of perhaps producing a film on Central America. Nothing ever came of it. It was Spivey's idea. Spivey is another hustler, and he arranged to have Wolper--Wolper is a very, very fine person.

. He is the one that did all the television for the Olympics, and the Statue of Liberty and had he been interested in doing something in Central America, it would have been a beautiful piece.

. Q And he wasn't.

. A And he wasn't, no. But it was a great idea, but he had a full agenda with the Statue of Liberty coming up.

. Q Are you aware of any funding from any European sources for the Nicaraguan resistance.

. A No. My hesitation--when you used the word resistance--because I have spoken to the German foundation, but that is for the Democratic opposition in the country.

. Q Are you familiar with the Institute for North/South Issues?

. A Not in any detail.

. Q How are you familiar with them.

. A Well, I am aware that Frank Gomez is associated with it. I am not at all certain what responsibilities, if any, that organization~~s~~ had with LPD. I believe that there is some work that has been done by Frank Gomez on Haiti, which has been good and totally separate from this activity, and my principal knowledge of that organization is his interests in Haiti.

. Q Do you know a man name Brian Crocier, C-R-O-C-I-E-R?

. A Yeah.

. Q How do you now him?

. A He is a personal friend or I know him as a journalist ~~or~~ and therefore a cont~~r~~act for 20 years.

. Q Were you aware of any involvement by Brian ~~[illegible]~~ Crozier in support for the resistance in Nicaragua?

. A No, I was not.

. MR. OLIVER: I have no further questions.

. THE WITNESS: My God!

. MR. OLIVER: Sorry to take so long, but I appreciate your cooperation. Maybe Mr. Fryman or Mr. Buck--

MR. FRYMAN: I have no questions.

MR. BUCK: I have no questions.

MR. FLYNN: Nor do I.

MR. MCGRATH: Just two points for the record. One, it is my understanding that a copy of this transcript will be made available to Mr. Raymond as it has been with other witnesses, and that pursuant to our discussions this transcript, although believed to be unclassified, will be handled as a sensitive document.

MR. FRYMAN: Off the record a second.

[Discussion held off the record.]

MR. MCGRATH: After my first point, strike everything where I said to.

MR. FRYMAN: Why don't you read--off the record.

[Discussion of the record.]

MR. OLIVER: Let me just ask a couple of questions, and I cannot show you these notes, but the questions I ask are based on notes.

MR. MCGRATH: Can I ask why?

MR. OLIVER: Because we aren't allowed to show them to anybody on the basis of your rules.

BY MR. OLIVER:

Q Did you ever discuss, Mr. Raymond, with Oliver North a grant of $75,000 for a conference to be held in San Jose, Costa Rica in 1985?

. A Can you be more explicit as to what kind of a conference?

. Q I don't know. I am just asking whether or not--

. A I do not remember any discussion. I do not remember any discussion with North for a conference. I am aware that under the Public Diplomacy Plan, we have sponsored conferences in several places in Latin America, including Costa Rica.

. Q But you don't remember discussing--

. A No, I don't remember that.

. Q --discussing it with Ollie North.

. A No, we had one--just want to state for the record that it was a conference bringing together concerned Latins to discuss Central America.

. Q But you don't recall discussing it with Oliver North?

. A I don't recall.

. Q Do you ever recall discussing with Oliver North funding for [redacted]?

. A I don't think so.

. Q Do you ever recall discussing it with Penn Kemble K-E-M-B-L-E?

. A No.

. MR. OLIVER: No further questions.

. MR. MCGRATH: If I may, I would like to note that

Mr. Raymond appeared here voluntarily today, and he exhibited the utmost cooperation with the committee for five and a half hours of testimony. Thank you.

MR. OLIVER: We are also very appreciative, Mr. Raymond, for your appearing on such notice and for your cooperation.

[Whereupon, at 7:45 p.m., the deposition was concluded.]

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DEPOSITION OF WALTER RAYMOND

Wednesday, September 23, 1987

U.S. House of Representatives,
Select Committee to Investigate
Covert Arms Transactions with Iran,
Washington, D.C.

The committee met, pursuant to call, at 9:30 a.m., in Room H-405, The Capitol, Spencer Oliver presiding.

Present: Spencer Oliver, on behalf of the House Select Committee.

Ken Buck, on behalf of the House Select Committee.

Tom Fryman, on behalf of the House Select Committee.

Nick Wise, on behalf of the House Select Committee.

Victor Zangla, on behalf of the General Accounting Office.

Dean Mc Grath, Jr., on behalf of the White House.

[illegible]ified/Released on 18 Dec 1982
BSR [illegible]
[illegible]

UNCLASSIFIED

Whereupon,

WALTER RAYMOND,

was recalled for examination by counsel for the House Select Committee, and having been previously duly sworn, was examined and testified further as follows:

MR. OLIVER: May we go on the record.

I would like to remind the witness he is still under oath. This is a continuation of the deposition which was begun --

MR. MC GRATH: For the record, since this involves sensitive information, if the persons who are present today would identify themselves for the record.

MR. OLIVER: -- which was begun on September 3rd.

Fine. I am Spencer Oliver, Chief Counsel, House Foreign Affairs Committee, Associate Staff Counsel, House Select Committee.

MR. FRYMAN: I am Thomas Fryman, Staff Counsel to the House Select Committee.

MR. WISE: I am Nick Wise, Associate Staff of the House Select Committee.

MR. BUCK: Ken Buck, Assistant Minority Counsel for the House Select Committee.

MR. MC GRATH: Dean McGrath, Associate Counsel to the President.

THE WITNESS: Walter Raymond, witness.

MR. ZANGLA: Victor Zangla with the General Accounting Office and assigned to the House Foreign Affairs Committee.

MR. BUCK: For the record, I would like to ask the witness to answer all questions within the framework of this investigation so the answers to the questions are going to relevant subject matter.

MR. OLIVER: You can ask him to answer the questions you ask and you want him to answer. I ask that he answers the questions I ask.

MR. BUCK: Are you asking him to answer questions on irrelevant matters, Mr. Oliver?

MR. OLIVER: No, I am not.

MR. BUCK: If you have any problems with that, I would like the chairman to rule.

MR. OLIVER: I have no problems with relevancy, but it is not for you to determine.

MR. BUCK: It is for the chairman to determine. I am asking the witness, because of the sensitive nature of this deposition, to keep his answers within that framework.

MR. OLIVER: I am sure the witness will keep his answers within the scope. His counsel can advise him.

MR. BUCK: I think it is important we also advise him.

EXAMINATION BY COUNSEL FOR THE HOUSE SELECT COMMITTEE

BY MR. OLIVER:

Q Mr. Raymond, we discussed during the previous deposition your duties and responsibilities as Chief of the Intelligence Directorate at the National Security Council and as Special Assistant to the President and Director of the Office of International Communications and Public Diplomacy at the NSC.

I would like to ask you what your employment was immediately prior to your joining the National Security Council staff in 1982?

A I was in the Central Intelligence Agency.

Q What was your job in the Central Intelligence Agency? What was your title at that time?

A I was a senior staff officer and the Director of Operations.

Q Did your -- how long had you held that job prior to coming to the White House?

A I had been in that position, I guess, approximately four years. Four years.

Q Did your responsibilities in that position involve Central America in any way?

A I had worldwide responsibilities, and they did include some discussion of Central America.

Q During 1981 and 1982, prior to your leaving the Central Intelligence Agency, did you sit on any interagency committees which dealt with public diplomacy and public affairs?

A Yes.

Q Which committees were those?

[redacted]

[redacted]

MR. MC GRATH: At this point, I am going to have to object to the open-ended nature of the questions and the fact the previous two organizations discussed have nothing to do with the subject matter which is the mandate of this committee.

MR. OLIVER: Counsel, the subject matter of these areas deals with public affairs of public diplomacy. The agencies that have been mentioned here thus far all deal with foreign affairs and foreign policy. AID is one of the major proponents of foreign policy, and my question is whether or not they were involved in any of these areas of the committees. I think that is perfectly relevant. Given the fact that the Director of the Office of Public Diplomacy came from AID prior to that position, and so did the President of the IBC, I think it is perfectly relevant to ask what AID's involvement was.

MR. MC GRATH: If counsel would like to make a connection between various individuals and their organizations with the committee's work about certain organizations, we have no objection to that. But the fact we are having open-ended questions about the entire organization and interagency workings of the Central Intelligence Agency strikes me as beyond the purview.

MR. OLIVER: We are not asking questions like that. If you don't let me lay the foundation, I can't ask the questions. We will be here two or three days. I think AID is perfectly relevant, and I think your objection in that regard is frivolous.

MR. BUCK: Let me state another frivolous objection for the record. The scope of House Resolution 12 deals with diversion of funds from sales of arms to Iran and other narrowly-drafted areas. It does not deal with issues that are better left to the Foreign Affairs Committee.

MR. OLIVER: It also deals with issues on a rather broad scale.

BY MR. OLIVER:

Q Let me try to rephrase the question so we can try to make some progress. Did anyone from AID sit on any of the interagency committees that you participated in [redacted]

A Not to the best of my knowledge.

[redacted]

Q Did Frank Gomez sit on any of those interagency committees when he was Assistant Secretary of State for Public Affairs?

A Without recourse to my files, I can't give the timeframe. Frank Gomez sat in on meetings I participated in while he was still Deputy Assistant Secretary for Political Affairs. I don't remember his actual timeframe when he was Deputy Assistant, so I can't pinpoint that. I don't believe, I do not believe that many of the meetings that I participated in while still at CIA included Mr. Gomez. I believe meetings took place with him after.

And there were only one or two meetings, and they deal with how one communicates more effectively U.S. foreign policy, principally to European audiences, INF and related matters.

Q Did you meet Mr. Gomez while you were still at the Central Intelligence Agency?

A I do not believe so.

[redacted]

[redacted]

Q Do you recall meeting Rich Miller at any time while you were still the Director of Operation at the CIA?

A Absolutely not.

Q Is it possible he could have sat in on some of the interagency meetings?

A No. If you would be able to trigger my memory with names, then I can answer.

Q During your service at the Central Intelligence Agency, did you ever serve in [redacted]?

A No, sir.

Q What was your relationship to William Casey in your position at the Central Intelligence Agency in 1981 and 1982?

A Well, first of all, I had never met Mr. Casey before he was appointed to his position at DCI. My relationship simply was as a staff officer with several layers of command between myself and the Director.

Q How many layers?

A At least two layers and several additional people if you consider chiefs and deputies.

Q Were you at what would be a senior career level in terms of your length of service and your grade in the CIA in 1981 and 1982?

A Yes.

Q Would it be the equivalent of SES in the Department of State?

A Yes.

Q Were you the Chief of a Division or staff of some kind?

A Yes.

Q What was that position?

MR. MC GRATH: Could we go off the record.

MR. OLIVER: Sure.

(Discussion off the record.)

.MR. CLIVER: Back on the record. Could you read back the last question?

(Whereupon, the reporter read the pending question.)

THE WITNESS: I was a staff officer in [redacted] and my title was Chief of [redacted]

BY MR. OLIVER:

Q Who did you report to in that position?

A My first command would be the Chief of [redacted] and then through him to the Assistant Director for Operacions, and then -- I am sorry -- Assistant Deputy Director for Operations, and then the Deputy Director for Operations, and since on to the DDCI and DCI.

Q When did you first meet Bill Casey?

A Early after he joined CIA, which I believe was sometime about April or May, and I am not -- 1981 -- I am not certain.

Q Did you participate in any meetings with Bill Casey that related to Central America or Nicaragua?

A I believe so. Let me say that the way the responsibilities were divided, specific responsibility for activities involving Central America would be that of the Chief of the Latin America Division. My role would have been supportive. But in answer to your question, I would say yes, but I can't be specific as to dates.

Q In 1981 and 1982, could you give a general estimate of how many meetings you had with Bill Casey or that you participated in where Bill Casey was present?

A We are talking approximately 15 months, and I have no recourse to files. I would say probably five or ten.

Q What prompted your decision to leave the CIA?

A First of all, I had been considered for an assignment in the National Security Council in 1979, during the Carter Administration, at that time, I and another gentleman. I did not accept that position, it wasn't political. Don Gregg, who was the head of the Intelligence Directorate in the spring of 1982, was asked by Vice President Bush to join the staff, and in turn Don Gregg was asked by Bill Clark to suggest a possible candidate to replace him. He suggested that I might be a good person to talk to.

Bill Clark, if I recall, talked to Director Casey,

Casey said I would be a good man, encouraged interviews to take place. I was interviewed sequentially by John Poindexter, Bill Clark, Bud McFarlane -- not sequentially, interviewed by the three, and then took the job.

Q Did you discuss the position with Bill Casey?

A Yes.

Q What can you recall about that discussion?

A I said that I had always been interested in assignment to the National Security Council. I recall thinking about that kind of assignment over the last ten or 15 years as something that anyone who is in the foreign affairs field views as almost, you might say, the ultimate assignment one could have. In other words, it's where you bring together all the pieces of foreign policy in one place.

And I also viewed it as an opportunity to be in a much broader-based area. [redacted]

So it was a matter where I thought personally I could, I would find it very satisfying from a personal point of view, but, more importantly, I thought that after having been in the government for, as I testified last time, for 25 or more years, I felt that I had a contribution that I could make, and I genuinely felt there were things that we needed to do and could do.

Now, this is a preface by saying when the question came up, I said that I was extremely interested in seeing what we could do to strengthen the American Government's capability to participate internationally, openly, and through the open overt agencies of government, and I would like to see what I could do to help facilitate that.

I was aware that there had been a buildup with covert action capability, and I was concerned we might become too dependent on the covert action capabilities as a way to solve problems and we needed to have a way to provide support to pluralistic tendencies around the world, to provide means to more effectively articulate our policies, stronger radios, stronger public diplomacy efforts, and we needed to energize the entire community to these goals and objectives.

And I made this short speech that I am making to you to Bud McFarlane and to John Poindexter and to Bill Clark and to Bill Casey. I said that I am going down there, but I will be very candid, I would like to take on something which I think needs to be done. And Bill Clark said, "Fine, I think what you are proposing is very important, the job that is open right now is an intelligence job, start there, but you can work on this other activity as well."

His purpose -- this is not surprising as far as

NSC officers are concerned because the NSC officers, again, as I noted before, frequently were involved in a variety of different activities. The surprising aspect of it is perhaps to have some of these activities handled out of the intelligence group, but it wasn't viewed as that, I wasn't viewed as an intelligence group person when I was taking on those aspects; I was viewed as NSC staff also.

But since it could be perceived from the public as a conflict of interest between these two, as it over time began to develop and a lot of energetic work was being done there, Bill Casey reorganized, as we discussed last time, and set up a separate record which I headed, and I resigned from CIA at that time so there would be no question whatsoever of any contamination of this. Because even though the CIA officer could do these things as a NSC officer and not have it linked back to CIA, I was concerned there not be contamination to these excellent projects which were starting. So I resigned.

Q When was that?

A That was -- I should know this -- spring, '83. I think it's April 1, something to that effect. And then was hired as a NSC staff officer.

Q Did you retire from CIA?

A I actually retired, because I had 32 -- we're talking '82 -- I had 30 years of government service, and I was old enough.

Q You went through the formal retirement?

A Yes. I officially retired from CIA, and I was a rehired annuitant is the actual legal terminology with the NSC.

Q The CIA has a retirement policy that allows people to retire at an earlier age than normal government service, isn't that correct?

A Well, it does, that is correct.

Q I think, for the record, we ought to show that, because you were, I think, age 52 at that time. So, just for the record, I think it ought to be clarified the CIA allows people to retire at an early age after a certain period of time of service. Isn't that correct?

A Yes. They also take into consideration service that you had with other departments and agencies to build to that point.

Q So you were able to retire with your full annuity at that point, is that correct?

A Correct. But that's not -- I might just point out, for the record, that is not different than any other Foreign Service officer. If you had worked in the United States Government, whether it is with one agency or another or several agencies, they require a varied track record for overseas service and so on.

Q But prior to the spring of 1983, your position at the NSC was that of head of the Intelligence Directorate, and in that capacity, you would have served as the liaison of the CIA, is that correct?

A Yes.

Q With all the other elements of the intelligence community, is that also correct?

A Correct.

Q You testified earlier that you had a, in 1983, a once-a-week meeting with Bill Clark and Bill Casey, is that correct?

A Correct.

Q Was public diplomacy discussed at those meetings with Bill Casey and Bill Clark?

A To the best of my recollection, no. But I would say, without recourse to the records, that in nine months of discussion at these weekly meetings, I am sure there was discussion about the concern that Director Casey and National Security Advisor Clark had dealing with our ability to sustain our foreign policy in key areas of the world, and a specific point which was an issue of great tension was the question of the deployment of the INF, and I cannot -- without recourse to my files, I can only speculate that we probably did discuss issues concerning public opinion, public attitudes, how to generate more support for our policies concerning issues like INF and probably Central America, because it certainly was a major issue at that time.

We may, in that context, have mentioned to Bill Casey that progress we were making in putting together an overt public diplomacy effort which he would be interested in as a Cabinet member and as a senior National Security Advisor to the President. But I don't recall that with any specificity, but I wanted to make the point it probably was discussed in some fashion.

I recall some of the agenda items, I mean, as being -- frequently we would be discussing some of the most difficult issues which were coming up as a result of the recent intelligence, in other words, incident A, event B, terrorist attack C and what could be done about these various things. There were a lot of other questions that dealt with the nitty-gritty of the communication management question, not communication, community, intelligence community management questions.

Q In your earlier testimony, in answer to one of the questions, you indicated it was in July of 1983 that there was a reorganization of the National Security Council. Does that refresh your memory as to when you resigned from CIA?

A I said July, and I looked at my Presidential Commission this morning, and it says 1 June, so to correct it, as far as -- without going back to my files, I think the Presidential Commissions were given coincidentally with the reorganization, so we should advance the date of the reorganization a bit.

My recollection of the resignation/retirement is April --

MR. MC GRATH: Counsel, we obviously can go back and check the record and verify that.

THE WITNESS: I think it's about April 1, April 5. I remember taking a three-day break so I could be hired as an annuitant, and went off to the beach.

BY MR. OLIVER:

Q April to 1 June is more than three days.

A Yes. I can term --

Q I am trying to determine when this transition took place.

In your earlier testimony, you said July, 1983. I realize you didn't have your records. You looked at your Presidential Commission --

A The Commission was 1 June. The recollection I have, and this can be made available for the record, my recollection now is April for the resignation/retirement. And I could look it up in my personnel records.

MR. MC GRATH: If I might interject, it is over four years ago, we clearly have the information available, we can go back and check it. I don't think it is worth belaboring the point whether he remembers exactly when he retired or resigned.

MR. OLIVER: I think it is important, Counsel, because it was during the period between April and June that Mr. Raymond was deeply involved in the establishment of LPD in the Department of State and the employment of Otto Reich. I believe in earlier testimony he said July of 1983 -- in response to a question as to whether or not he was still Senior Director of Intelligence at the White House when he did this, I believe his answer was in the affirmative. I am trying to clarify that for the record; and if you could supply us with that information, that would clarify the record if his memory is not exact.

THE WITNESS: Let me say this. The best I can recall, we will clarify it for the record, but I am quite certain this is accurate, the retirement date is April, and April 20, somewhere beween April 10 or 20, sits in my mind. That means I retired actually before I was given the new commission. I knew the reorganization was going to take place. This was not a -- the commission date and reorganization date can be confirmed, I mean the commission date I can confirm with you; the reorganization date can be confirmed. It's probably in some records you have already got.

My retirement date you can confirm, my recollection now, on the basis of just looking at a few notes that I have, based on personal desk calendars at home, was April for retirement.

BY MR. OLIVER:

Q Did you leave your job as Senior Director of Intelligence at NSC in April of 1983?

Could we go off the record.

(Discussion off the record.)

MR. OLIVER: Let's go back on the record; in order to clarify the testimony, we asked Mr. Raymond and his counsel to check on the exact dates of retirement ~~of~~ and the assignments we have been discussing. They have now done that. Perhaps we could ask you to clarify the record.

MR. MC GRATH: We informally contacted some of the current administrative officers at the National Security Council staff, and Mr. Raymond has been provided with some dates which would appear to be an accurate reflection of when he started officially at the NSC.

THE WITNESS: My official date of employment as a National Security salaried officer was 1 May, 1983. I retired ~~these~~ three working days before that, which I calculate to be either April 25 or April 26.

And the other question -- because of some adjustments in annual leave balances, which are rather complex, I was hired initially as a consultant on 1 May '83 and then came full-time staff on June 3, 1983, a position I remained in until 1987.

Then, the other question that you asked me, Mr. Oliver, concerned the date of the reorganization of the National Security Council and the creation of the Senior Directorate for Information and Communications, and that date is June 3, 1983.

BY MR. OLIVER:

Q When you assumed the job as Senior Director for Communications, did you move from one office to another and create a new staff for this position?

A Yes.

Q And who were your subordinates in your new position?

MR. MC GRATH: I believe this information has already been asked and answered in the previous deposition.

MR. OLIVER: The previous deposition has some confusion of dates, and we can go back and look at it.

THE WITNESS: The previous deposition referred to a different date, but the facts remain the same. ~~Harry~~ Gary Lord initially was in my office, he left shortly after that. Steve Steiner replaced him, and we worked as a team.

BY MR. OLIVER:

Q What was your involvement with the Intelligence Directorate after you assumed your new position as Senior Director for Communications?

A Very limited. My responsibilities now were exactly as they were described, and I was involved in trying to manage the public diplomacy community.

MR. MC GRATH: I might interject at this moment, it is my understanding and agreement prior to this we were not going to question Mr. Raymond on material that was previously covered in his earlier deposition. His responsibilities in the Intelligence Directorate were gone into at length at that time.

MR. OLIVER: I don't believe this question was asked during the earlier deposition, and there is no agreement some of the areas that we discussed earlier would not be revisited in light of this testimony today. I would like to determine whether or not Mr. Raymond continued to work in the intelligence area after he assumed his new position. That was the reason for the question.

THE WITNESS: Well, clearly all of us worked together on a number of different issues, and there were areas where I would remain in touch, and there's always a transition period. So it would be a period of time when you would be moving yourselves out of any responsibilities you had and turning them over to other people, in some cases because the NSC is so limited, you might continue some contacts for a time.

I would have to be, I would be prepared to respond to anything specific. It would be hard to answer it in the abstract.

BY MR. OLIVER:

Q Well, did you continue to carry out any of your previous functions as Director of the Intelligence Group at the NSC after you assumed your job as Director, Senior Director for Communications?

A I would answer that negatively in the sense of any functions. There were areas that I had been interested in while I was in the Intelligence Group that I remained interested in in the new group, but the functions of the Intelligence Group, in terms of the management of the intelligence community so far as NSC has any responsibility there, were done by the officers of the Intelligence Group and not by me.

I might point out they were very anxious to see to it they exercised their responsibilities.

Q After you left your position as Senior Director of Intelligence, did you draft findings for covert action for the President?

A I don't believe that I did. I am aware that there were, there was discussion during the winter of '82 and spring of '83 concerning Central America, which I presume is of interest. When I left that area, though, I was no longer the principal officer in any of that. I may have been asked to -- my counsel may have been sought. I don't believe that I drafted a finding. But --

MR. OLIVER: I would like to ask the reporter to mark this as Raymond Exhibit Number 18 and ask the witness to examine that document.

(Exhibit No. 18 was marked for identification.)

MR. MC GRATH: Was this provided to Mr. Raymond during the previous deposition?

MR. OLIVER: I think so. I don't think I have it in unclassified form. Let the record show this is a memorandum from William P. Clark to Walter Raymond, dated September 12, 1983, and the committee identification number is N6828, and it was not discussed in the previous deposition.

For the record, this is a memorandum of a SIG meeting on Central America on September 9 and discusses legislative strategy and a new Presidential finding. Attached at Tab 1 is a draft of Presidential Finding, and at Tab 2, an amendment to the Zablocki-Boland Amendment; and Tab 3 is Legislative Strategy.

BY MR. OLIVER:

Q Mr. Raymond, is that your signature on that document?

A I think so.

Q Do you recall drafting this document?

A Yes. I recall participating in a variety of meetings off and on during 1983. I -- yes, I recall the general discussion. I mean, I can't, I don't recall specifying a 9 September meeting. I might say that the issue, as I said previously, had been one which has been with us for a number of months. The principal officer working this was the senior Latin America, namely, NSC staff officer Al Sapia-Bosch.

I had been asked by Judge Clark to help out a bit on some of this process because of my previous assignment. This is simply summarizing a meeting two of us attended chaired by Eagleburger.

Q When you say two of us attended, who was the other?

A I made the assumption Al Sapia-Bosch was there. I believe that's the case. I don't know of any meeting I attended he was not present.

Q It is indicated copies of this memorandum went to Mr. Sapia-Bosch and Ollie North, Chris Lehman and Ken deGraffenreid.

A Right.

Q Did you draft this proposed Presidential Finding?

A I participated in it. I think the original draft Findings almost always came from CIA, sent down, amendments were made in them by NSC staff, by State, by Defense. This probably reflects inputs that we had received from people in the community in an effort to try to put it into shape, the group.

As you notice in the first paragraph, small group included, so, in other words, I was part of a process, but I was certainly not the principal drafter.

Q Who was the principal drafter?

A I don't know. I think, as I said before, the normal process is for -- CIA and central community. I remember a discussion, not this one, took place in the Department of State at the Assistant Secretary or Deputy Assistant Secretary level. Possibly Greg Johnstone, who was the Deputy Assistant Secretary with Central America responsibilities.

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LYDA

CAS

10:40 a.m.

Q Why is this memorandum to Bill Clark coming from you as Director of Communications with copies to the Intelligence Director?

A If I had known this discussion had been taking place, it would have been designed by somebody other than myself. It was simply a convenience. We were all NSC staff officers at the time. I was one at the meeting. Other people had responsibilities for Judge Clark. Obviously, as you know, Ken de Graffenreid had taken over intelligence and this was a transition time. The principal staff officer was the Latin America staff officer.

Q Why didn't this memo come from Al Sapia-Bosch as an intelligence record?

A If you had the files, you would probably find many memos were written on adjacent dates by Al Sapia-Bosch. He was very busy in writing other things for the Judge.

Q You indicated earlier that you thought it was important that you be separated from the CIA in your new position so there would not be any position of conflict, yet here it is nearly three-and-a-half months after you assumed your new position and four-and-a-half months after you retired from the CIA and you are still sending memorandums of draft presidential findings.

Were you still participating in activities of the intelligence committee after you assumed your position as

Director of Communications?

A To the best of my recollection, you may have some other documents, but it was only the Central American issue. It was one going on for months and months. If one goes back to the legislative record all through the months of 1983, this issue had been debated and wrangled about. I, frankly, was anxious to disengage on all sides from the intelligence part of it. This is one that I was trying to facilitate the transition, but as you can see, I had not totally extracted myself from that responsibility.

Judge Clark was trying to take advantage in the positive sense of the personnel he had available to try to get the job done. He wanted me to hang in on this until we got the legislative issue resolved and then I could get away from it.

[redacted]

[redacted]

Q Was this presidential finding ever signed?

A I believe so, but I am not certain of where we stand on that.

Q The memorandum also discusses legislative strategy in the House and the Senate. Was that one of your responsibilities as Director of Communication to plan or recommend legislative strategy?

A Not explicitly stated. I think you are dealing here in this particular situation because it has the covert action aspect to it.

You are dealing with my disengagement from the intelligence group. In the case of Outreach, as we discussed in the unclassified briefing earlier in the month, that there were meetings from time to time that did take place discussing Congress, discussing Central America and part of our concern was of an informational quality, to get the information out.

This was an issue that we did have responsibility to exercise. So I think that to some degree informing foreign and domestic audiences of foreign affairs developments is important and this would include Congress.

Q Did you draft the amendment that is attached to this exhibit 2, H.R. 2966, dated 9-1-83?

A I don't believe so.

Q There is some handwriting on that page next to the title line which says, "Zablocki-Boland". Is that your handwriting?

A That is very hard to see on mine. It may be, but if it is, it is an explanatory statement to explain what 296 was. It is the so-called Zablocki-Boland Amendment. That doesn't mean that I had any drafting responsibility for that language.

It simply means I was clarifying in the package what that particular amendment referred to.

Q Do you know who drafted the amendment?

A I do not. It said this whole business is drafted by committee. It could have been the original language prepared by CIA or it could have been adjustments recommended by State or NSC.

Q In examining a number of NSC documents before the committee, there are in many instances more than one author's name on a memorandum and there are various clearances, but on this one there is only your name and there are no clearances.

There seems to be copies to all of the people who might have otherwise have been co-authors or clearances. That is why I am asking if anybody else had anything to do with drafting this.

Q This is not an action memorandum. It is an information memorandum written by one of the participants working on the issue bringing Bill Clark up-to-date on what was going on.

I was the guy who sent the information memo for it. There is probably in NSC records a series of related data which sets forth the action memorandum recommendations. This is a compilation of documents to bring him up-to-date on what the state of play was. It does not say that I am the author of one or any of these documents.

It just reflects that I am the author of the transmittal memo and the summary memo of the SIG meeting.

Q Is it your testimony that you did not draft the attachments to the memorandum?

A Which one?

Q There is two we have not discussed yet.

A My testimony is that as stated in the memo that I was one of several people that discussed the draft finding and made small or large inputs to the draft finding, which to the best of my recollection was in the first instance drafted at CIA and subsequently rather significantly modified by various officers in NSC, State and Defense.

This may be the final. It may be the semi-final. It may even be an earlier version of what finally emerged from the interagency process. If I was responsible for drafting this, it would be by the insertion of a word here or there. It is not as the drafter of key paragraphs because I was not the person drafting the text. I was making a contribution to the drafting of the text provided to us.

Q On the page following the amendment, there is a page called "legislative strategy". Did you draft that legislative strategy paper?

A No.

Q Do you know who did?

A No, I don't. Really. I suspect it came from one of the three legislative liaison officers in State, NSC or the White House, but I do not know. It is somebody who obviously is rather actively involved in assessing mood, attitude and positions on the Hill as reflected in the vote analysis.

Q Were you involved in assessing moods and shifts and swings on Capitol Hill?

A No.

Q What was your involvement in legislative strategy i Central America?

A Well, as I stated, I was involved in some of these discussions leading up to it, up to the submission of the Finding which, as I say, I cannot state categorically was submitted but I assume it was. I was not involved in any direct dealings, although I may have some time in 1983 -- I may have briefed a few Congressmen.

I can't recall whether it was before or after my departure from the intelligence group. I think my role would have been supplemental in terms of the Hill. I was listening to everybody talk and coming up with suggestions and ideas like others were.

Q Why would a memorandum concerning legislative strategy and a presidential finding from the CIA come through you to the Director and not from the Director of Intelligence or the Legislative Director of the NSC?

A Are you referring specifically to the summary of the SIG meeting?

Q Yes.

A As I stated before, I think what you had was a group of people who were discussing the substance and the process that had been meeting for almost a year. It would have been more appropriate in retrospect when the organization took place that people who were working the problem but had now been re-assigned stop working the problem. But in fact because of the smallness of staff and the turnover of people, for a brief period of time I remained involved in this process which to the best of my recollection terminated when this process ran its course.

Q When was that?

A I am not sure. It seems to me it is right about this time now, fall of 1983. But, again, the principal actors and the ones discussing the real substance, both from the standpoint of the Hill, such as legislative liaison people from the three various components, and the people who were principally making the decisions were the Latin American people.

I was another voice in this mix during this transition period.

Q What other activities that were not involved with international communications besides legislative strategy and presidential findings for CIA activities were you involved in during this transitional period?

A I am not sure I understand the question. Do you mean carry-over from my previous job?

Q I am trying to determine what other activities you were involved in. Was legislative strategy part of your previous job?

A No, and legislative strategy was not even my job there. What you have here is not as tight and orderly a structure as one would like with everything divided in neat lines. What happened, an officer got transferred from group A to group B and there was an ongoing, complicated issue which was still front and center on the plate and I was asked to continue to be an actor in that group. I was not the principle in the group. Despite thi document, which suggests that the principal person was writing to Clark, the fact is I was one of several who were writing memorandum and I was asked to put this together. I don't want to overplay what my role was here in any aspect of this.

I am not aware of any intelligence functions that I remained involved in after I shifted. I could respond to something specific, but essentially once we could get this legacy off the plate, I could get on with my other business.

Q When did you get that legacy off the plate?

A I don't know. Obviously it was not over by 9 September. I don't recall, frankly, when this thing was resolved, but I sense by thinking through other things I may have been doing at that time, I think fall. I don't recall much after September.

Q The reason I asked the question is that I think that probably the legislative aspects of Zablocki-Boland and Central America are still on the plate.

A That is true, but after this round we are talking about, do we have a finding or don't we have a finding. I think once that issue was resolved, I was able to put it past me.

De Graffenreid staffed his office and was able to take the full responsibility and I was out of it.

Q I would like to ask the reporter to mark this as Raymond Exhibit 19.

(Raymond Exhibit 19 was marked for identification.)

BY MR. OLIVER:

Q I would like to note that this is a January 25, 1983 memorandum from Scott Thompson to the Director. I assume that was the Director of USIA since that is where Scott Thompson was employed at the time. The subject is Walt Raymond's memo to Judge Clark.

I will ask you if you have ever seen that memorandu before.

A No, not the cover letter.

Q Were you aware of Scott Thompson's memorandum to the Director regarding your memorandum to Judge Clark?

A No. I was not. It would be consistent with his responsibilities as the Associate Director of Programs to so communicate to his director.

Q Is this the same Scott Thompson who chaired the interagency working group that you participated in while you were [redacted] at CIA?

A Yes.

Q Did you provide him with a copy of your memorandum to Judge Clark?

A I will have to take a minute to read the memorandum to Judge Clark.

I, frankly, do not recall four-and-a-half years ago whether I gave a copy to Scott Thompson or not. If I did, it was to facilitate his preparation of his principle at the meeting.

Q Did you draft the memorandum that is attached to Scott Thompson's memo?

A I believe so.

Q Was this drafted for the first SPG meeting as it states in the first line?

A I believe so.

Q When did that first SPG meeting occur?

A I would have to check the records. It implies from Scott's memo that it would take place on the 21st of January. I don't know for an absolute fact. Sometimes these meetings get scheduled and then get shifted two or three days. I would suspect that it was very close to the date.

Q In number one of that memorandum you say, "State provides central focus for greater commitment of resources and greater concentration of effort in our foreign policies. Call it political action, if you will."

What did you mean by "political action"?

A Political action represents a variety of effort to be involved in strengthening, projecting one's own foreign policy. It could be programs that involve support to various institutions. It could be the development of networks and personal relationships with key people.

I think the more appropriate rubric for the SPG and one which we have used is public diplomacy and democracy-building. I think the word "political action" is subject to misinterpretation and, therefore, we chose not to use it lest everybody start to view it as something like a packet group which it really was not.

Q On the last paragraph of that page, you indicate a need to supplement Federal programs and have some quasi-public/private effort with private funds. When you refer to nascent quasi-public/private?

A That is a tongue-twister. Basically I am referring to programs that are supported by the Federal Government in the sense of funding, but generally go to private boards. Therefore, they maintain their integrity in the private dimensions to their work.

Specific examples, as you know, include the National Endowment for Democracy, the Free Trade Institute, the Center for Private Enterprise and other such organizations. The point that is being made here is not related to any discussions with contra funding. The point being made here is that our society to project, our society to support pluralistic elements internationally, to help project the dialogue, cannot be exclusively funded by the Federal Government in the out-years. It is consistent with the Reagan Administration philosophy and with reality. There are not Federal funds available to provide this kind of support for all the programs that could constructively be done in the world.

I was making the point that sooner or later we have to find some way to bring this issue home to the private sector that they have, in fact, a responsibility to help. That is what was intended by that particular paragraph.

Q You indicated in the next sentence, "Our letter to the President will put together private donors for a quiet chat with the President."

Was that to have the President raise money?

A No. That is the meeting that raised some publicity. That meeting did take place and was focused on the basic issue that I just identified, namely, that we can only do so much on the Federal side and it is important for the private sector to recognize the need to be more involved.

Q Did the President ask these people to raise funds for some of these projects?

A No.

Q Did he indicate to them that there was a need for private funds to be raised?

A I believe he identified the fact, as best that I can recall, that there were some very complicated issues in the world and he particularly focused on the question of

Europe and the constancy of our relations with the NATO alliance.

George Gallup was present and stated that there were, in fact, serious difficulties in our dialogue between the United States and Europe and we discussed this and we made the point that, frankly, we cannot, as the U.S. Government, just go out there and do it all. Hopefully, there will be some kind of a private expression.

But he did not directly approach them for funds. He posed the issue.

Q Did you attend the meeting?

A I did.

Q Who else was there?

A I can recall some. I can't recall all. My recollection is, from the Administration, and this material is available someplace, my recollection is that from the Administration it was myself, Clarles Wick, Bill Clark, Peter Daly and I believe Gerald Hellman. I don't remember whether Scott Thompson was or was not there. Possibly there was an aid to Wick present, a junior officer.

From the outside, [redacted] [redacted] and their inclusion was as much as anything else to discuss the issue of European public opinion. As I mentioned before, we had Gallup. Other people who attend were: Joaquin Maitre -- Joaquin Maitre was there representing Springer. So we had media.

In addition, we had John Kluge, who was with Metromedia, Carl Lindner, l-i-n-d-n-e-r, and I think Robert Evans. I believe that is it.

Q These people were described in your memorandum as potential donors. Is that what they were?

A That may be a poor choice of words. Obviously, what we hoped was to find a way to mobilize the private sector. That is not the way the meeting was developed with the Bresident.

The President was trying to encourage the private sector to be more involved. One of the involvements would be financial, but he was talking about our problems in Europe.

Q You indicated in the last sentence that you would ask the International Political Committee to coordinate a list of items which needed private funding for use at this meeting.

Did they provide a list of items for that meeting?

A I have read this with some interest after not havin seen it for four years. I do not recall a list that was provided. I do recall a discussion of the needs. In almost every case the focus was on Europe and it was on the fact that in the fifties and sixties, whether it had been major foundation support for such things as the Atlantic

Institute in Paris and for that matter, Encounter Magazine, and other structures in Europe that today organizations like Encounter Magazine, which is a significant opinion molder, had to proceed around hat-in-hand, cup-in-hand, to try to meet its annual budget.

We were posing the issues and we said there is a lot of networking structures that could help support mutual goals on both sides of the Atlantic. There was, as best I can recall, a list. I don't know if it was ever written, but it was orally discussed in the context of European public opinion.

Q If you look at the next page in the fourth paragraph on that page, it indicates programs such as Central America, which is mentioned first, then the European Strategic debate, Yellow Rain, and even Afghanistan. Further down the page you refer to Secretary Shultz putting together the international committee.

There is two issues, European security and Central America. Was funding for projects or the need for funding for projects Related to Central America discussed at that meeting with the President?

A I recall no discussion in the meeting with the President other than the general concern that we have about our general alliance and community and our need to generate support for our policies in Western Europe.

Q Are you aware of any funds that were raised for any of the projects that are contemplated in this memorandum at a subsequent time by any of the participants in that meeting?

A I am aware of the fact that as a result of expressions of concerns by various Administration spokesmen that a few projects were supported. Again, my recollection is that they were all on Europe. We discussed this marginally at the last meeting. I think there is a citation in one of the memorandum which identifies a program for Freedom House, one for the Dutch Atlantic Community. There may be one more. The only programs that were supported that I know of were in the context of the U.S.- debate.

Q Was part of the purpose of this to influence European public opinion?

A Part of the purpose of this was to -- well, I would say I guess I would call that bottom line. That is the bottom line of a lot of U.S. policies to try to influence targetted areas, other countries. I would say that we were concerned that Greens, the Peaceniks and others were being heard and another side was not being heard and that we could state our positions over and over again, but we would like to see the Europeans speak out for themselves. To some degree, that involved helping provide support. That was one of the ideas that was behind the Freedom House program.

I might say I think that subsequently is being funded by the National Endowment but the idea was to try to find a way to network good ideas throughout the United States, Western Europe and now Central America. There were lead items, good materials, to re-produce them and make them available. So people who were speaking out for perhaps a view which might not have been as popular in certain parts of Western Europe would know they were doing it. We were hoping to try to open these things up, openly, overtly.

Q Were many of these materials and articles related to U.S. policy in Central America?

A Well, we are in two stages now. The general discussion that I recall, the meeting with the President, was general, but in subsequent meetings I think it was to try to articulate views.

Central America was not singled out. IMF and Central America seemed to be the two issues generating the greatest degree of controversy so they were the ones we were most concerned about at that time.

Q My question was related to the subject matter of these efforts to influence public opinion. Mentioned here is Central America, the European strategic debate, Yellow Rain, and Afghanistan.

Was the effort to influence public opinion worldwide on all of these issues in terms of trying to generate greater support for American foreign policy?

A I think the answer is yes.

Q So these efforts to encourage private funding for various initiatives involved other issues such as Afghanistan, Central America and Yellow Rain. Would that be a fair statement?

A I think that is drawing a conclusion that was not there. In other words, I think what we were interested in in the first instances, we were operating on several levels. In the first instance, there was a broad theatrical problem. That problem, I might point out, is here today in September 1987. We are facing a vastly under-funded foreign affairs budget to the point where the Secretary of State is talking about closing missions all around the world.

We still need to change the foundation dollar from 25 cents on a dollar international or four cents on the dollar, we need to reverse it. So the issue is there.

Some of these discussions are generally at a broad strategic level. I know you want me to get down to tactical.

Q I don't know about that. I am trying to establish the relevancy of this to our deposition so that Mr. Buck doesn't get upset.

A I am not sure there was a direct relevance, because what we were doing in the fundraising was expressing our concerns about the lack of private involvement, it was really largely cast in terms of our alliance. This discussion in the sub-tick under paragraph 3 identified several of the very critical polical programs that we were concerned about. Clearly they were issues that were going to be covered by one or more of the committees. Central America and European Strategic Debate, as we both know, were such a major issue that we considered asking the special coordinator to take charge, Peter Daly, Dick Stone in one case, and later, Otto Reich in the other case.

The others, Yellow Rain, Afghanistan, were handled by existing committees because they were issues which did not seem to have the same kinds of labor intensive work involved in the public diplomacy field.

Q Did any of the individuals that were involved in this meeting with the President which we have been talking about ever raise or donate funds for any projects designed to influence European public opinion on U.S. policy in Central America?

A To the best of my knowledge, it was never that specific.

Q Did it include influencing public opinion on

U.S. policy in Central America?

A I don't know. We had talked in general terms and what they did subsequently I was not directly involved in. For all I know, one or more of those people conceivably could be doing something now.

Q Are you aware if they did raise funds for a project related to ~~influeing~~ influencing public opinion related to Central America?

A I am not aware of anything specific. The most specific information I have is the one included in that report.

Q Were you aware of any funds that were donated to an organization in Europe which was associated with an individual named Brian Crozier designed to influence European public opinion of U.S. policy in Nicaragua?

A What time frame?

Q 1985 or 1986.

A No. I am not. I am aware of the fact that several of these gentlemen are friends of Brian Crozier but that does not mean they provided funding. I am not aware of any direct or indirect funding to Crozer at that time.

Q Were you aware of Brian Crozer's activities designed to influence public opinion in Europe or U.S. Central American policy?

A The short answer and narrow answer is no. The longer answer is that Brian Crozier is a publicist who has a very energetic, shall we say, newsletter which he produces and which is extremely outspoken on many subjects, including Central America. He does that on his own, to the best of my knowledge.

So, certainly, yes, he was an aggressive spokesman on these issues but I don't think it necessarily leads to the next stage that this was a result of any admonition on my part.

'I would point out that Brian Crozier did know the President of the United States. You will probably find records of his having visited the White House.

But other than a friendly exchange of views, and I did not participate in those meetings, I don't believe anything more was discussed.

Q How did you know that he knew the President of the United States?

A Because he -- well, that is a matter of public record. He contacted Bill Clark once shortly after the President came into office. He said he met the President before he became President, once in California, and he would appreciate an opportunity to pay his respects. Clark invited him in.

Q How many occasions did he visit the White House?

A I don't know, maybe twice. The President has, as we all know, met a number of Western press. This is not exceptional.

[redacted]

Q Do you know whether or not Brian Crozier knew Arturo Cruz?

A I do not.

Q Do you know whether or not Brian Crozier received funds from the Heritage Foundation?

A I do not.

MR. McGRATH: Can we go off the record?

(Discussion off the record.)

BY MR. OLIVER:

[redacted]

A That is correct.

Q Are you familiar with an organization known as the International Freedom Fund Establishment?

A No, I don't believe so.

Q It is an organization based in London with which Brian Crozier has been associated. That does not refresh your memory about it?

A No.

Q Do you know of any involvement of Brian Crozier in recent years, in the past three or four years, related to support for the democratic resistance in Central America?

A No. I am aware of no action program that Brian Crozier has been involved in directly or indirectly.

Q What do you mean by action?

A Support for the contras. I am aware that he has been an articulate and accurate publicist through his newsletter. That is word support, nothing beyond that. Beyond that, I have no personal knowledge.

Q Let the record reflect that Bert Hammond of the House Select Committee and staff member of the House Foreign Affairs Committee has joined this illustrious group.

Going back to the meeting with President Reagan that you attended, you mentioned a man named Robert Evans. Who was Robert Evans?

A An industrialist who lives in Michigan.

Q Did he ever raise funds or contribute funds for any activities related to American programs or policies in Central America?

A Not to my knowledge.

Q You indicated that Joakim Maitre was at the meeting with Axle Springer? Was he an employee of Axle Springer?

A I believe so. He came over from Hamburg. This was before he moved to the United States. I believe he was sort of the Director of Publications or something like that.

[redacted]

Q Were you aware of a trip that Joakim Maitre took to Central America on behalf of the Gulf and Caribbean Foundation?

MR. McGRATH: Do you have a time frame?

BY MR. OLIVER:

Q Between 1984 and 1987.

A I am aware by hearsay that he took the trip.

Q When you say by hearsay, what do you mean?

UNCLASSIFIED TOP SECRET

A In some meeting some place I remember having someone mention to me that Joakim Maitre went to Central America. I think he may have been involved in writing the Gulf or Caribbean monograph that was produced some time around 1984.

Q Was that also the monograph that Michael Ledeen participated in publishing.

A I think so. The closest I can get to being specific is to say it has a blue cover.

end #2

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Dotson/drg
Take #3
11:45 a.m.
fols Lyda

BY MR. OLIVER:

Q On page three of the memorandum we were discussing, there is a number four that indicates congressional strategy. Is that the congressional strategy that you were recommending that Bill Clark approve?

A Yes. The congressional strategy here was the caution of how to deal with development of public diplomacy and the democracy program with Congress. And specifically, as noted on page one, there is the fact that we would be including in our budgetary submission money for public diplomacy and democracy.

But we felt at the first meeting that we would have, with the SPG principals, we ought to determine how it would be submitted to Congress, which budget, which spokesman, and that sort of thing. And that's what this was dealing with.

Q Did you draft the language that was included in the State of the Union address on this subject?

A I helped participate in the preparation. Anyone having dealt with -- you know what I mean -- White House speeches, you don't draft them, you try to suggest ideas for inclusion.

Q It is worse than interagency committees.

The last tick in number four that you recommend briefing of key Senators and Congressmen and selected phone calls, and looked to USIA and State to orchestrate, did that happen, were there briefings of key Congressmen and Senators and selected phone calls related to Project Democracy at that point?

A I believe so. As you know from your previous experience, we were working very closely with Chairman Fascell and his staff concerning the process moving forward to create what later became the National Endowment for Democracy, and that was, of course, a major financial part of the whole democracy program, and we had to work closely with the Hill to be sure our plans were understood by them and supported by our friends and colleagues on the Hill.

We also had the question of trying to put some public diplomacy funds into other parts of the government, such as State and AID, and that required discussion. As I recall, one point that was of particular concern was to guarantee a funding floor for the Asia Foundation, and that was an issue that came up as part of this. It is not cited in this memo.

Q Since you have mentioned Congressman Fascell and staff, I do recall those meetings and having participated in them, but I think the record needs to reflect we did not know at the time you were the director of the intelligence component of NSC and former employee of the CIA.

A This is at what timeframe?

Q January of 1983.

MR. MC GRATH: If Mr. Oliver would like to be sworn to accommodate that statement, we will accommodate him.

MR. OLIVER: I am making the statement for the record. If there is some need for me to be sworn at some appropriate time, I will certainly aver I did not know Mr. Raymond was the Director of the intelligence component of the NSC and employee of the CIA at the time.

THE WITNESS: I feel compelled to make one comment, though. The way the NSC functions, not only under this administration, but previous administrations, the staff officers are there as NSC staff officers, not as detailees of different agencies.

For example, my predecessor in the intelligence group was the senior NSC staff officer for East Asia, and his predecessor was the senior staff officer for most of Africa, and his predecessor. So the point is that you work for NSC, and whether you were a detailee from CIA or from the Defense Department or State, you were not responsible and you did not accept command from those other agencies.

BY MR. OLIVER:

Q In point number five, on that page, it is indicated that you pulled together the weekly summary statement of the activities and plans of the four committees, which I will share with the SPG principals.

Does that assume that you are going to put together a weekly report on these activities for Bill Clark?

A Well, that was the -- yes, that is the correct statement there. That was the assumption.

Q And did you do that?

A Not as precisely as stated there. I noted highlights in the weekly summaries which we sent forward to the judge, each of the senior directorates.

Q You mean Judge Clark?

A Yes. And I periodically briefed him on activities and plans of the four committees. The level of activity was not such it required a weekly summary of the activities, in other words.

Q On the last page of this memorandum, the last tick in the summary, it says "We will move out immediately in our parallel effort to generate private support."

Could you tell me what you meant by that and what you did in terms of moving out immediately to generate private support?

A That is in reference to the earlier paragraph on page one, the last paragraph.

Q So this was a NSC effort to generate private support? Is that correct?

A In a broad overall sense, trying to encourage broader cross-section of the American people to be involved in these foreign issues. I think that the way the legislation worked out, not so much legislation, but the way that the board resolved the division of responsibilities in the National Endowment for Democracy, it accomplished one of the goals in the sense the National Endowment gives grants to American organizations participating, in helping them participate internationally. That was one of our goals.

Q What role did the CIA have in the activities which are mentioned in this memorandum, other than the fact that you were on loan from the CIA to the NSC?

A The CIA had no direct role in any of these activities. As you all note, the SPG meeting took place on or about the end of January. You will also note that I left, I retired from CIA the first week in April. I was concerned to be sure that there were no connections, links to this process.

Q Did you discuss the general thrust of this memorandum and the projects which it talks about with Bill Casey?

A As I mentioned earlier, I am sure the question of public diplomacy did come up in one or more of those meetings with Bill Clark. And after some considerable consideration of the appropriate role for CIA, it was agreed CIA should not be involved in this, because it would contaminate public diplomacy.

Q But this is January of 1983. My question really was: Did you discuss this project, this memorandum and what it contained with Bill Casey in this timeframe?

A I don't believe specifically.

Q Did you discuss it with him generally?

A Well, as I said before, I think the question of trying to develop a public diplomacy capability, overt public diplomacy capability, is something that had been discussed periodically before. I knew I wanted to do that when I came down here. He is a man of broad interests, many times in his own past when he had no intelligence connection; he had been involved in public diplomacy efforts. He knew they were necessary.

So, he, personally, taking his CIA hat off for a minute, was supportive of this in his contacts as adviser to the President, the Cabinet. It's the kind of thing which he had a broad Catholic interest in and understanding of and would encourage.

Q This January -- January of 1983 was the period of time which I believe you testified earlier you began to have once-a-week meetings with Bill Clark and Bill Casey and yourself, sometimes including two or three others, related to your activities as Director of the Intelligence Group of the CIA. Is that correct?

MR. MC GRATH: NSC.

THE WITNESS: I would like to correct my earlier testimony on that by looking back through some sort of marginalia I wrote to myself. I think that may start as early as August of '82. It is true, from what you have said, that other people attended, it was not three people. It could be anywhere between three to six.

BY MR. OLIVER:

Q But sometimes it was the three of you, and other times other people might have been involved, your deputy or Bill Casey's deputy or someone else?

A Correct.

Q But the primary purpose of that meeting was to discuss matters related to the Intelligence Committee, is that correct?

A Correct.

Q During the time period that you were at the NSC, did you have any interaction or dealings with -- and I am going to ask you a series of names, and the question is, did you have any dealings with them related to Central America during this time period.

A What timeframe?

Q We are talking about 1982 to 1987.

MR. MC GRATH: These names are different than the ones you went through before?

MR. OLIVER: Yes.

THE WITNESS: You are covering my assignment in the NSC?

MR. OLIVER: That is correct.

THE WITNESS: All right. Related to Central America.

MR. OLIVER: Related to Central America.

BY MR. OLIVER:

Q Dewey Clarridge.

A Yes.

Q What was your -- could you describe your dealings with Dewey Clarridge related to Central America during your service at the NSC as best you can recollect? I know it is a broad timeframe.

A I do not recall the date that Dewey Clarridge became Chief of the Latin America Division, but it was before I had completed my responsibilities in the intelligence group. So I had contacts with Clarridge in that connection during the time that I was in the Intelligence group. I did not have any ongoing professional relationship with him after that time. Although there were representatives of his organization participating in some of what we call the "scrub" sessions on that finding, which we characterize as the legacy I hadn't quite gotten rid of in the first few months of the new assignment.

Q Did you ever discuss with Dewey Clarridge the creation of the international communications component of the NSC?

A I do not think so.

Q Did you ever discuss the need for private fund-raising or funds from third countries or private sources for the Democratic Resistance with Dewey Clarridge?

A No.

Q Did you ever discuss any matters related to Iran with Dewey Clarridge during that time period?

A No.

Q Were you aware of the frequent contacts between -- frequent contacts between Oliver North and Dewey Clarridge during that time period?

A I was aware that there was contacts. I wasn't aware of the frequency of them.

Q What did you know about the nature of those contacts?

A Not a great deal. I know, as we all know, that Ollie North was very actively involved in supporting the contras, traveling back and forth, and that he had contacts with Dewey Clarridge. Beyond that, I can't get specific. I wasn't in any of the meetings; I don't know what the substance was; I am just aware of the fact they were in touch.

Q Did you ever discuss Ollie North's activities related to Central America with him during that timeframe?

A I don't believe so.

Q Did he ever tell you of any CIA involvement with the contra re-supply operation while you were at the NSC?

A He being Clarridge?

Q Oliver North.

A CIA re-supply --

Q I said CIA involvement in the re-supply operation.

A No, not that I recall.

Q Let's move on. C/CATF [redacted] the same question, related to Central America.

A Let's see, I had a couple meetings with C/CATF [redacted] relating to Central America. What else can I give you?

Q I would like to know if you could tell me about those meetings with C/CATF [redacted] related to Central America, when they took place, and what the nature of the discussion was.

A Well, they were two different types of meetings. One dealt with -- back to the word "legislative", but there were some legislative strategy meetings that took place around or about '85-'86. I am not sure when C/CATF [redacted] actually came on board. The principal actors in this were the legislative counsels, State and the White House, and I guess NSC.

Q When you say legislative counsel, you mean the heads --

A I mean --

Q Will Ball --

A Will Ball, Ed Fox, Allison Fortier, or their predecessors, and they would discuss the general strategy. I was there once in a while. I was not a regular participant in those discussions. Otto Reich was there. C/CATF [redacted] participated because there was a potential dimension of the CIA, and he was the coordinator for the staff force.

The other context was in the Central America Public Diplomacy Working Groups, where there was a participation by a representative of C/CATF [redacted] most of the time rather than C/CATF [redacted] himself at the Central America Working Groups, Public Diplomacy Working Groups.

Q The CIA was always represented at the Public Diplomacy Working Group meetings?

A They were represented at the small ~~small~~ ones simply because by the last legislation they were involved, so we had to be certain that we weren't crossing wires. And in some cases, it was a question of getting information, perhaps even getting some information declassified we used there for public use. The role was a minor one, but an important one, since they did have a piece of the real estate.

Q Did you ever discuss funding for any projects, individuals or organizations involved in support of the Democratic Resistance with C/CATF [redacted]?

A No. Not that I remember.

Q Did you ever discuss funding for [redacted] with C/CATF [redacted] or at the Central America Public Diplomacy Working Group meetings?

A I don't recall any discussion on that.

I would want to differentiate one point there. The Public Diplomacy Working Group would not be the kind of place for that discussion. That discussion, were it to take place, and I don't know if it did, would have been in the restricted IG, the RIG. Because we were not sitting there discussing funding of anything, we were basically discussing themes and ideas and needed to receive some public attention, and matters of that character, not political issues and funding issues, which would be done in the RIG, if it were done.

Since I don't participate and didn't participate in the RIGs, I cannot speak to how comprehensively they were discussed there, but they were not discussed in the Public Diplomacy Working Group.

Q In the Public Diplomacy Working Group, didn't you discuss the work that was being done by the private groups in support of the President's policies in Central America?

A Insofar as it was part of the informational effort, in other words, if there were going to be a big meeting by a private group in Chicago or we were going to possibly have a White House event focusing on human rights, something like this, but we were not discussing again anything that touched on funding of contras, funding of the Nicaraguan Resistance. That was not in our charter.

Q I wasn't talking about funding for the contras, I was talking about funding for private groups who were supporting the President's policies in Central America.

A I think the answer is no, but if there is a specific issue you would want me to answer, I would be happy to respond to something specific.

Q At the Central America Public Diplomacy Working Groups, was there ever any discussion of the State Department's contracts with IBC?

A I think I testified on this last time, and if I recall what I said, we -- LPD , the Public Diplomacy Group, essentially functioned in its day-in and day-out affairs independently. When the question came of a contract in the early stages of LPD for IBC for specific purposes as stated in the testimony, we were advised after the fact such a contract had been consummated, but it wasn't necessary for them to clear with us. That wasn't part of the process. And that was -- period.

Q Well, were you aware of what IBC was supposed to be doing under this series of contracts with the State Department?

A Probably less than I should be. But my recollection of it was that they were supplementing some of the research analysis and writing that was needed to help get LPD launched and that they were involved in, as I recall, the entertaining or the assisting of some of the foreign advisors. That is my recollection. I was not directly involved in this, and I am to some degree maybe -- I may be reading back to you press stories about their involvement.

Q To your knowledge, was IBC asked to program or to guide or to assist advisors from Central America to the United States who were brought to the United States by the CIA?

A I can't answer that. To the best of my knowledge, no, but I cannot answer that with any specificity. I am not personally aware of any cases like that. But that doesn't mean -- I may not have been aware of it, but I -- I personally have no knowledge of it.

C/CATF

Q You indicated some of your discussions with [redacted] [redacted] related to declassifying information for use in the public diplomacy project, I assume public diplomacy project. To your knowledge, was the information that you sought to have declassified by the CIA provided to IBC either before or after it was declassified?

A To my knowledge, any material that was declassified would have been declassified in the normal process and become part of the production of LPD. I don't have any reason to believe personally that this was given to IBC for exclusive use or any exclusive treatment. If it had been produced by LPD, then obviously it would be available to IBC.

Now, that is my knowledge of the situation. The facts may be different, but that is my knowledge of the situation. I know that -- I mean, the kinds of information that we were particularly concerned about insofar as we could get this material was evidence of Soviet or Cuban support to the

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Nicaraguans or evidence of Cuban-Soviet or Nicaraguan support to the Salvador revolutionaries, and there was a lot of hard evidence, but the question was what if the security classifications would preclude sharing that information with the foreign and the American people?

Q This is information that was gathered by the Central Intelligence Agency, is that true?

A Well, everybody, the overall community -- I mean, in some cases, it might have been through some specificated --

Q You are talking about intelligence collection methods primarily?

A Yes, we are primarily talking about problems ~~and~~ and methods of intelligence, yes.

Q Were you aware that some of the material that was published by IBC or provided by IBC to LPD emanated from declassified information gathered by the intelligence community?

A I was not aware of the fact IBC got anything before it had been produced by LPD. In other words, LPD had many, many publications they put out, and I would have thought IBC would have used those publications. I was not aware of the fact LPD got something I described as exclusive.

Q In your earlier deposition, I believe you produced some materials that were produced by IBC.

A No, by LPD.

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Q By LPD.

Did those, do you recall any of those publications containing information that had been declassified by the CIA as the result of your discussions with C/GATE [redacted]?

A I don't recall specifically. You are dealing with sort of a line-in/line-out, and, as I said, there were very limited contacts really with CIA on the declassification that my group had. I think we raised it one or two times.

There may have been discussions with others who were much more actively involved in the liaison with CIA. I was not. I can't speak to that.

I would assume since one of the speeches I gave did deal with Soviet involvement in Central America, I would assume some of that had been declassified as a result of our general interest in trying to make the material available to the public.

Q But it was part of your effort to try to develop this kind of information and get it into the public domain in any way that you could?

A Well, it was a very minor part of my effort. It was, of course, the responsibility of LPD to try to get as much information together as they could from whatever source was appropriate and credible. I was involved in an enormous number of different things, and this question of Central America was something that I spent some time on, but I wasn't -- it wasn't the only thing I was doing.

Q At the time of the Hasenfus incident in Nicaragua, was there a discussion in the Central America Public Diplomacy Working Group about that incident and its ramifications?

A I don't recall any specific discussion.

Q Did you become aware at that time, or shortly thereafter, in October of 1986, that the aircraft that was shot down was related to the CIA?

A Everything I learned about that was after the fact and largely from the newspapers.

C/CATF

Q Did you learn anything from [redacted]?

A No.

Q Did you learn anything from any other participants in the Central America Working Group about that?

A No.

Q Did you discuss in the Central America Working Group on Public Diplomacy how to deal with the aftermath of that airplane crash?

A I don't recall any specific discussion.

Q Let's move on to the next figure. Claire George. Related to Central America.

A I would say no discussion.

Q Did you have any -- no discussion related to Central America, either public diplomacy related or legislative related in any fashion?

A To the best I can recall, yes, no discussion.

Q [redacted]?

A Never met him.

Q Ray Vickers?

A Ray Vickers is the NIO for Latin America. I know him slightly. I have never had a one-on-one conversation with him, to the best of my knowledge. He may have been in and out of various types of meetings I have attended. I can come up with nothing more in detail than he was a staff officer that served the analyst.

Q Bill Casey, related to Central America.

A Well, I presume I have had conversations with Bill Casey related to Central America. How, what, when and why is a little bit hard to clarify. It came up periodically at the 5:00 o'clock meetings with Judge Clark, Bill Clark, Bill Casey and others. I don't recall having any personal one-on-one conversations with Bill Casey about Central America. Whatever dealings I had were in this other context larger, and these meetings, of course, I was no longer in these meetings after the reorganization.

Q That would have been --

A June, '83.

Q -- June, '83.

A And I don't recall any discussion with Bill Casey in any forum that I had -- I hope the record doesn't disprove me on this -- but my memory tells me no meeting with Bill Casey after June 1, '83 on Central America. In other words, one-on-one or group meeting.

Q Did you have any meetings with Bill Casey relating or discussions with Bill Casey relating to Iran after June of 1983?

A No.

Q Did you have any involvement in the effort to secure the release of the hostages held by the Hizballah in Beirut?

A What timeframe?

Q We are talking about post-1983.

A No.

Q Do you recall being involved in a broadcast over VOA related to the hostage situation in Iran or related to Iran?

MR. MC GRATH: Timeframe?

MR. OLIVER: Any time.

THE WITNESS: There has been discussion of this. My recollection on this -- if you have something specific to jog my memory, my recollection of this is that there was a case, I think my involvement was on the margin, I would have t have the facts more specific -- there was a question of one broadcast to Iran that you are aware of, I think it has been in the public domain, I don't have the specifics. Have you got something there --

BY MR. OLIVER:

Q Do you remember being involved in any way in a broadcast over VOA to Iran?

A My recollection is that there was a desire, I may have this twisted, I believe there was a desire to have an editorial run. I can't remember whether it was an editorial or article. I believe there was a desire to have something run, whether it was an editorial or article, and the specific language was given to me, and I either told USI I would be coming over or I took it over. I don't recall the language that was put into it.

Q Do you know what that editorial was related to?

A I know after the fact what it was related to, namely that it had something to do with some sort of signal. I did not know it at the time.

MR. OLIVER: I would like to ask the reporter to mark this as Raymond Exhibit Number 20 and ask the reporter to --

(Exhibit No. 20 was marked for identification.)

MR. MC GRATH: Can we go off the record.

(Discussion off the record.)

MR. OLIVER: Let's take a five or ten-minute break here.

(Recess.)

BY MR. OLIVER:

Q Let's go back on the record. When we went off the record we were discussing Raymond Exhibit Number 20, which bears the number N31004, and it is a memorandum from Oliver North to Ambassador Paul Bremer re international cooperation against terrorism, and attached is a draft of a VOA editorial and two PROF notes to Oliver North from Walt Raymond on September 23, 1986.

Mr. Raymond, do you remember the circumstances surrounding this exhibit?

A I remember being asked specifically by Colonel North sometime approximately, about 22 September, for information concerning, some technical information concerning VOA broadcasts which I explained to them in the attached PROF note.

Q Did he tell you why he needed that information?

A He did not specifically discuss his reasons.

Q In the PROF note on the next to the last page, the last tick in your PROF note to Oliver North says, "If we are trying to send a message as we did before, it may be tough to get it on more than a couple times." What were you referring to when you said "as we did before"?

A There was one other case where we were involved in a terrorist incident where we tried to send a message that would help, that would trigger something that would release people.

It did not involve Iran.

Q Did it involve Central America?

A No, it involved a different continent entirely. As you can see from my note here, I am not even sure, I wasn't aware exactly what he was up to. I just knew that it sounded to me like we were trying to get a message, I am not sure what it was. I don't recall, frankly, seeing the editorial. I think, there's no evidence on this document that would suggest I reviewed the editorial. I simply provided the raw material on broadcasting.

Q It didn't indicate you might have?

A That is correct.

Q Did you ever discuss this matter with Colonel North subsequent to these PROF notes?

A I don't believe so.

Q Did you ever discuss it with anyone at the CIA?

A No.

Q Did you ever discuss it with anyone else at the NSC?

A No, I don't think so.

Q Did you ever learn what the purpose of this editorial was before now?

A Not before the hearings, no.

Q Did you discuss it with Jerry Bremer?

A No.

MR. OLIVER: I think we will take a break now until either 8:30 tomorrow morning or 2:30 tomorrow afternoon, and Mr. Raymond or Mr. McGrath will get in touch with Mr. Fryman and I regarding which of those times is convenient, and we will indicate to you what room will be available.

MR. MC GRATH: Pursuant to our earlier discussion, it is my understanding, because of the sensitivity of Mr. Raymond's deposition that it will be closely held, that copies are not going to be made available other than to members on an access-only basis.

MR. OLIVER: That is correct. Except to the extent that the chairman or the chief counsels of the committee may determine that other appropriately cleared people should have access as they determine, that is a correct assumption.

(Whereupon, at 12:45 p.m., the select committee was adjourned to reconvene Thursday, September 24, 1987.)

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Committee Hearings

of the

U.S. HOUSE OF REPRESENTATIVES

18 Dec 1987

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DEPOSITION OF WALTER RAYMOND

Thursday, September 24, 1987

House of Representatives,
Select Committee to Investigate
Covert Arms Transactions with Iran,
Washington, D. C.

The select committee met, pursuant to call, at 8:30 a.m., in Room H-405, The Capitol, Spencer Oliver (Associate Staff Counsel of the House Select Committee) presiding.

Present: On behalf of the House Select Committee: Spencer Oliver, Associate Staff Counsel; Thomas Fryman, Staff Counsel; Kenneth Buck, Assistant Minority Counsel; and Victor Zangla, Associate Staff Member.

Also Present: Dean McGrath, Associate Counsel to the President; and Michael Olmsted, White House Counsel's Office.

Declassified/Released on 18 Dec 1987
BSR under provisions of E.O. 12356
by [illegible], National Security Council

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Whereupon,

WALTER RAYMOND

having been previously duly sworn, was recalled as a witness herein, and was examined and testified as follows:

MR. OLIVER: Good morning, Mr. Raymond.

THE WITNESS: Good morning, Mr. Oliver.

MR. OLIVER: This is a continuation of the two previous sessions we have had and you are still under oath.

MR. McGRATH: At the outset could we have everybody identify themselves again since there are some different people here today.

MR. OLIVER: I am Spencer Oliver, Associate Staff Counsel, House Select Committee, and Chief Counsel of the House Foreign Affairs Committee.

MR. FRYMAN: Tom Fryman, Staff Counsel of the House Select Committee.

MR. BUCK: Kenneth Buck, Assistant Minority Counsel, House Select Committee.

MR. OLMSTED: Michael Olmsted. I work in the White House Counsel's Office.

MR. McGRATH: Dean McGrath, Associate Counsel to the President.

MR. RAYMOND: Walter Raymond.

MR. ZANGLA: Victor Zangla, Associate Staff Member, House Select Committee.

THE WITNESS: Mr. Oliver, I wonder if I could clarify two points yesterday. Reflecting after the hearing, after the deposition that was filed yesterday, one is you asked me a question about Iran. I don't recall precisely the time frame that you asked me, but I did participate in one Iran session with the CIA and Near East Division Chief and with the Assistant Secretary of State, Nick Veliotes in early March, 1983, when still in my capacity as the Director of the Intelligence Office of the White House -- in the NSC, I participated in a briefing [redacted] which had been thoroughly approved and debated with the Congress with appropriate oversight committees.

That is the only contact with Iran but I want to make it clear I did, in fact, have that one conversation. I did not remember yesterday.

The second point for clarification is we were discussing my contacts with Dewey Clarridge on reflection, I recall -- reviewing a few documents last night, I did note and recall that I had sent a memo to Clarridge in August, 1983, discussing the presidential finding which we discussed yesterday. This, on the basis of my reading the documents, I had had some comment, some exchange in writing or orally -- I am not sure -- with Judge Clark, Security Advisor Bill Clark, and he asked me to share some of my views with Mr. Clarridge.

MR. OLIVER: Thank you very much for those clarifications, Mr. Raymond.

EXAMINATION ON BEHALF OF HOUSE SELECT COMMITTEE

BY MR. OLIVER:

Q Did [redacted] that you discussed with the Near East Task Force Chief and Mr. Veliotes have anything to do at that time or ultimately with arms sales to Iran or the events which led to the arms sales to Iran?

A No, sir.

Q Was the discourse that you mentioned with Dewey Clarridge in August of 1983 provided to this committee?

MR. McGRATH: Yes, it was.

MR. OLIVER: If you have a record of that, counsel, I haven't seen it. If you could provide me with it or indicate the document numbers on it, I would appreciate it very much so we would have a chance to examine it. If we have it, it is not reflected in the files which I have examined.

MR. McGRATH: That is something we can discuss after the deposition.

MR. OLIVER: Does that mean there is a problem with your providing it?

MR. McGRATH: It has already been provided to the best of my knowledge.

MR. OLIVER: If it has not, you will provide it to us.

MR. McGRATH: Yes.

MR. OLIVER: Thank you.

BY MR. OLIVER:

Q Mr. Raymond, we were discussing yesterday the activities, your activities in relation to the establishment of the public diplomacy initiative, the project democracy initiative, 1983, 1984. How much of your time after May 1, 1983, would you say you discussed -- you devoted to public diplomacy as opposed to your intelligence responsibilities?

A The new directorate was established ~~to~~ on ~~one~~ 1 June. We are thinking in terms of my subsequent four years in the NSC, almost totally devoted to public diplomacy, democracy, building issues.

Q Did you participate in the draftings of any other presidential findings for covert action on Nicaragua after you left your intelligence position other than the one we discussed on September the 12th, 1983, yesterday?

A To the best of my recollection, the only involvement that I had was the Central American question, which as the files pointed out in our discussion yesterday, I simply was on a continuation basis until that issue could be settled and other people had exclusive responsibility for that.

So the answer is to the best of my knowledge, no other programs.

Q In the Central American public diplomacy group, which met in your office and which you either chaired or co-chaired from time to time, did you task any of the members of that working group to do anything or was it simply a discussion of what is going on?

A I think over a period of a couple years this group, which was basically chaired by Otto Reich, did from time to time task -- could be selected research, could be reports or other matters.

Q Was Oliver North tasked by that group from time to time?

A Very infrequently. He was not a regular member of that group, although as one of the officers of the National Security Council, working on Central America, it was useful to have him present if, in fact, another member of the Latin American Office of the NSC was not present. So in that case he would participate.

There were occasions where he would volunteer to undertake one aspect or another of work. In most cases, it would be his willingness to undertake an effort rather than the group tasking him. This principally was in the area, as we discussed yesterday, of finding intelligence information that perhaps was available for declassification. He was much closer to the intelligence community than any other member of that working group and he sought to facilitate some of the declassification.

Q But there were representatives of the intelligence community in that working group, were there not?

A Not in 1983 and 1984 time frame.

Q But in 1985 and 1986, there were?

A I think we did include a member of the Central American Task Force, I think it is called.

Q Of course, when you indicate Oliver North was closer than anybody else to the intelligence community, you are excluding yours?

A I am excluding -- no, I am not excluding myself because I was not engaged in an ongoing, running negotiation for any of these documents with CIA at the time. I am including myself.

To re-state, I am specifically referring to the other NSC staff officers, to Otto Reich and his representatives. USIA representative, DOD representative. When the Central American Task Force began to have an officer included in this group, clearly, they were in a better position than anybody else to help facilitate declassification.

Q I think your statement -- I may have been confused --

was that Oliver North was closer to the intelligence community than anyone else. You meant, I assume, he worked more closely with them on the subject of Central America than anybody else because obviously with his background and your background, I think it would be very difficult to describe him as being closer to the intelligence community than you were.

A Well, basically, the issue here is who was working with CIA to perhaps facilitate declassification and the answer is that Oliver North would be the only officer that I am aware of at the NSC that was seeking to facilitate declassification.

Now, there was also some efforts by the task force when they came on line. I was not.

Q The purpose of his seeking declassification of this information was what? To pass it on to Otto Reich and LPD?

A Basically when possible to declassify by protecting sources and methods, we felt the American people and the world needed to know that the Soviets were providing lethal support to Nicaragua, and the size of it and that there were support systems running through from Cuba, Nicaragua and other places that were supporting the insurgency in El Salvador. We thought as best we could to facilitate the documentation of that.

Q What were the mechanisms that you used to tell the world this story?

A Well, it could be a range of mechanisms. In some cases it might be included in a statement, a press statement or a speech by Secretary Shultz or an appropriate assistant secretary. In some cases it might appear in testimony.

Other cases it might be in a collated analysis which would be produced and disseminated by Otto Reich's office as an open, public document. These are the things we were working on.

As I described in our earlier open testimony, there was an elaborate production from Reich's office and I gave you three samples.

Q Is this the kind of information that Oliver North also included into his famous slide show?

A I presume if it is declassified, it would be open to be used in that. I presume so. I was not personally intimately involved in the development of the slides, but my recollection was that they did include evidence of Soviet, Cuban, Nicaraguan support of insurgency.

Q Did you ever see the slide show?

A Not in the form that it was given to the oversight committee. I had seen some --

Q I don't think anybody saw it in the form it was given to the oversight committee.

A No. I had not sat and seen the whole thing.

Q But having the responsibility for Central American public diplomacy in the White House, you were aware that he was conducting these briefings and wh~~o~~m he was conducting them for and that sort of thing, weren't you?

A In very general terms. The person who had the responsibility for the overall public diplomacy was Otto Reich and his group of ~~ten~~ 10 to 14 people.

Q Otto Reich had over-all responsibility for Oliver North's activities?

A Otto Reich had over-all responsibility for public diplomacy.

Q Did he task Ollie North?

A In some cases. In some cases he did not.

Q What I am trying to determine is in these weekly meetings where -- I don't know whether these were Thursday afternoon or the Tuesday evening or what -- the weekly meetings that took place in your office on Central American public diplomacy, didn't Ollie North report back that, I briefed X number of groups or I am going to or something? Weren't you aware of all this?

A A, Ollie North was a self-starter. Ollie North was also quite an independent orator. Ollie North attended probably one in every ~~ten~~ 10 meetings, which means that group had a generalized idea of some of the things that he was doing, but they certainly had no overall knowledge of the range of his activities.

Q Mr. Raymond, did you participate in any other working groups where Oliver North was an active participant besides the one on Central American public diplomacy?

A On any subject?

Q A subject related to Iran or Nicaragua?

A To the best of my knowledge, no.

Q Well, let me indicate to you that our staff has examined Oliver North's calendars, which are not complete, for 1984, 1985 and 1986, and they show him meeting with you -- most of these are meetings in your office -- over 70 times in 1984 and 1985 and 1986, and I stress that calendar is incomplete and there are many gaps in it, because, of course, he was out of the country a lot.

So that seems to me like a pretty hefty number of meetings. In fact, you are on his calendar more than anybody else in the White House or in the Government.

A I find that to be absolutely amazing and inaccurate.

Q Well, we can certainly get the calendars --

A I don't care whether the calendar says it. That doesn't mean to say I met him that many times. First of all, we are talking three years, so spread that over 150 weeks, that means a possibility of meeting Oliver North every two weeks, rough estimate. That probably coincides with a notation -- I am speculating totally -- it probably coincides with roughly biweekly meetings we had on public diplomacy where presumably -- the meetings were frequently in my office and it would be posted that that is the meeting with Walt Raymond. That would be the meeting with Walt Raymond and Otto Reich.

The fact is that all those posted on his calendar by his secretary, presumably, this is the ten o'clock meeting or whatever it was and the time changed and the day changed because of schedules -- that it was there and he knew it was taking place.

Now, that does not mean that he attended. It simply means that he knew that that meeting was scheduled. Now, occasionally he would come to the meeting.

I can't specify how many times, but he didn't come very regularly.

Q I don't know whether it means whether he attended or not, but on most instances where he didn't attend the meeting or it was cancelled, there was a line drawn through it. That wasn't the case in this instance. When you indicated you thought he may have come to one meeting, what I am telling you is our evidence that we have indicates quite a different story.

A You could ask Otto Reich whether Ollie North attended 70 meetings in my office and I think he would tell you Ollie North probably came a few times. He was not a regular attendee.

Q When he attended, did he report on his activities related to public diplomacy in Central America or related to Central America?

A Sometimes.

Q Did he ever report on the presentations that he made to the contributors to Spitz Channell's organization?

A Never that I can recall.

Q Why would he not tell you about those?

A I can't answer that. I don't know. Other than he felt that was information that he didn't want to share.

Q Well, these were briefings that were taking place in the White House with people who were important enough to have the President of the United States attend one of the briefings and some of whom were important enough to have private one-to-one meetings with the President with photo sessions. It seems that is important enough for him to report that to the group that is working on Central American public diplomacy.

A Well, let me clarify my point there. That on meetings that involved the President, involved bringing groups into the White House, there was an elaborate process where we would send forward schedule proposals and other people would be aware. Now, when we had events of that character, most of the time -- and I want to underline most of the time -- we would be aware of a White House event, not always, but most of the time we would be aware of it.

We would not necessarily be aware of the full make-up of the group. I was not aware of the name Spitz Channell until the hearings a few months ago. Now, Spitz Channell for all I know may have been included in that group. It certainly was not a name that rose up to me and had any special significance until the hearings.

Q I find that very difficult. Did you see any of the ads that were run on television regarding the President's program in Central America that were run very heavily in the Washington media market in 1985, in the spring, or in 1986, between early February and late June?

A Did I see them on television?

Q Yes.

A I think I might have seen one on television. I am not certain about that.

Q Did you know about them?

A We have to differentiate because part of the confusion is whether I was running Central American public diplomacy. I was not running Central American public diplomacy. This is one of the confusions here. And we met biweekly towards the end, sometimes I think earlier it may have been weekly. I am not sure. And we were -- each of us we are sharing our insights of what was going on. Ollie North was periodically there and he shared some of his information, obviously not all of it.

Q He didn't tell you about the briefings in the White House for these contributors? Is that your testimony?

A I am not certain about that. He did not tell me that he was bringing in funders to meet in the White House. I may be aware -- I would have to look at the record on this -- I may be aware of the fact there was a White House meeting where presidential supporters were coming in. I was not aware that the purpose of this meeting was to raise money. There were meetings that have taken place in the White House on Central America with the outreach group and others since 1983, as we are aware, perhaps earlier. Frequently there were people coming in who were supporters of the President and others and there may or may not have been a fund raising dimension. I was not aware of a fund raising dimension to a specific group.

Q Do you recall what activities Oliver North reported to you about other than declassification of information in this working group? Do you recall anything he reported to you that he was doing on behalf of Central American public diplomacy?

A We were aware of the fact he periodically would be traveling to the region or to Miami where he would be working with the contra leadership(,) he would in one case seek to develop a political document with the leadership, but not with much precision, which would be broader in support of democracies in the region. We were aware of an ongoing contact he had with the contras.

I was personally aware of that type of contact. We were aware that from time to time he would make a speech here or there, that he would seek to generate as much support as he could by providing, by giving speeches in (Room) 450 to outreach audiences; that he certainly from time to time would come up with proposals for presidential events, presidential drop-bys.

Q Do you remember whether any of those were related to Central America?

A Not precisely. I would be happy to review a document and comment on it, but I don't remember specifically events. I remember a lot of events over four years of various and sundry groups being brought in.

Q You don't remember Oliver North recommending a presidential drop-by for any specific group or meeting?

A I do remember drop-bys to groups of American people, American citizens. I don't remember a specific meetings. We did discuss --

Q Do you remember a specific group or an individual?

A I would rather respond to something specific.

Q I am asking if you remember just one individual or one group that Ollie North recommended the President meet.

A Well, I remember events when the contra leaders were in town, one meeting there. I know it may sound implausible, but I do not remember specific groups. I remember people. I don't identify faces and names with those. I remember we had human rights events where we were focusing on Central America. We had a religious event and I can't identify the people in the audience, but these were human rights activists. They were religious, people concerned about religion.

I remember several events where we had people who had been persecuted, suffered religious persecution in Nicaragua. They were brought up. I remember a couple of times we would have members of Congress in the audience on that. I remember one event with some foreign dignitaries that were in town on Central America and one name sticks in my -- name is Sir Winston Churchill, Sir Winston Churchill's son.

There were other events with the group -- this is back largely in 1983, 1984, with the outreach network, if you want to call it that, of conservatives that

Faith Whittlesey had put together that met with the President once in the Roosevelt Room. I don't recall specifically who was in there, but I think it included people like Lynn Bouchet and perhaps somebody from American Security Council and a couple of others.

I am trying very hard to remember if I can remember a specific funding group and I don't. That was never brought into the issue as bringing these guys in for funding. That was never a question.

Q I was trying to determine what the people who sat in on this group reported to you. We discussed yesterday, I believe, briefly the IBC contract with the Department of State and you indicated you knew about it but that you had very little knowledge of it or very little knowledge about what they were doing.

I am just trying to determine what these people reported to you about. It appears from what we have seen thus far that Ollie North, in addition to running the air resupply operation and working, you know, that in the public diplomacy area his main activities related to Spitz Channell's fundraisers and these briefings and Rich Miller and IBC's things and if there is someplace in the White House where they are going to report those things, it would seem to be in the meeting that took place in your office.

A But they weren't.

Q That is your testimony.

A We did talk in early September about the Nicaraguan refugee fund dinner and there was this question of funders that came in.

Q Early January,you are talking about 1985?

A 1985. I did not participate in that meeting and, as I testified before, I do not have the details of that, although my memory was refreshed, there was this analogue to the dinner.

Q Did Jonathan Miller participate in these meetings in your office on a regular basis while he was Otto Reich's deputy?

A Quite frequently.

Q What, to your best recollection, was Jonathan Miller doing at LPD? What were his duties? What did he report that he was working on?

I think Otto had two deputies, John Blacken and Jonathan Miller.

A Well, it was principally helping Otto on across-the-board activities.

I don't know that he had any specific division of labor. He did travel several times to Latin America, but that was I think as much as anything else for familiarization.

Q Did he work for a time out of Oliver North's office?

A I am not sure. He was in rather frequent contact with Oliver North.

Q How do you know that?

A Because he would -- I would just be aware he was there. You are sort of aware of who is in the NSC.

Q Is your office close to Oliver North's

A No, not that close; around the corner.

Q Is it on the same floor?

A Same floor, around the corner. But Oliver North, Ray Burkhart, earlier, Constantine Meng~~a~~es, were the early staff officers working on Central America, so it would be consistent to be in touch with all of them and Miller and Reich were in touch with all of them.

Q Do you know what Jonathan Miller's frequent contact with Oliver North related to?

A Not specifically.

Q Were you ever aware that Jonathan Miller cashed travel~~l~~ers' checks for Oliver North to provide money to the resistance?

A No. No, I was not.

Q Were you ever aware that Oliver North kept funds or travel~~l~~ers' checks in his safe that had to do with funding the democratic resistance in Nicaragua?

A No, I did not.

Q What did you know about the UNO office that was located in Washington?

A Well, I don't know specifically how to answer that. In general terms, I knew there was a UNO office. The UNO office presumably was designed to try to increase the image and perception of the United Nicaraguan Opposition in Washington, in the United States. I don't think it did a particularly good job, but that was its mission.

I know from time to time the head of it would make various statements to try to facilitate access of some of the UNO personnel, access to people in Washington.

Let me start the sentence again. The UNO office would try to facilitate meetings for UNO personnel when they came to Washington.

Q Were you aware that Ollie North was involved in seeking funds to support that office?

A Not specifically, although I was aware of the fact the UNO office was suffering from a lack of finance.

Q How do you know that?

A Just simply it wasn't able to do very much, had a restricted budget as best I could tell, and there may have been some discussion about a need to see if there is some way if some private funding were available for this in an informational mode to help support the circulation of information about UNO.

I have no specifics on it. It was a general statement. I have no knowledge of whether anybody actually went out to try to find funds and whether any funds were found.

Q Was there a discussion -- did that discussion take place in your office?

A No. I am not sure if it was my office or someplace. I do know there was a concern that the UNO office was very inadequate and very poorly funded.

Q Who was involved in that discussion?

A I don't recall. Might have been Jonathan Miller. Might have been Ollie North. Might have been Otto Reich because all of us were concerned about the ability ~~for~~ of the Nicaraguans to be able to speak for themselves, and if the office had no funds, it would not be possible to be able to make their case.

Q Did Bob Kagen ever indicate to you that he had anything to do with providing funding for the UNO office?

A He did not indicate that to me.

Q Were you aware that he was involved in any way in seeking funding for the UNO office?

A No, I was not.

MR. OLIVER: I would like to ask the reporter to mark this as Raymond Exhibit number 21. It is a memorandum dated -- has everybody got one?

(Raymond Exhibit 21 was marked for identification.)

BY MR. OLIVER:

Q This is going back to the 1983 period, Mr. Raymond, when you were still the head of the intelligence unit in the White House prior to your resignation from the CIA.

This is a memorandum from you to William Clark through Charles P. Tyson dated March 18, 1983. Its committee identification number N-30865. Is that your signature, Mr. Raymond?

A Yes, it is.

Q Do you remember drafting this document?

A Yes, I do.

MR. McGRATH: At this point I would like to ask counsel if there is anything in this document that relates to the matters that were within the jurisdiction of the committee?

MR. OLIVER: This relates to private fund raising and the purposes of building democracies worldwide and it is one of the documents that refers to the follow-up of the presidential speech that took place in June of 1982. It pertains to Peter Daly, who was involved in the programs related to Central America. It has in it a number of people whom Mr. Raymond has referred to earlier in his deposition, particularly in addition to Mr. Daly, Mr. Robert Evans, John Kluge, Carl Lindner, and Hakim Maitre.

One of the discussions here is about the democracy's initiative, and the need to build stronger private institutions so I think it is relevant.

MR. OLMSTED: Can we go off the record for a moment?

(Discussion off the record.)

MR. OLIVER: We are having a discussion about relevancy with Mr. McGrath.

Mr. McGrath has indicated he is going to object on the grounds of relevancy. I have indicated --

MR. McGRATH: I would like to make a point.

MR. OLIVER: Please.

MR. McGRATH: I said I would object if there was not some tie-in between matters discussed in here and the witness' testimony that those subject matters relate to matters under the committee's jurisdiction.

MR. OLIVER: Mr. McGrath, let me indicate that if you have an objection on those grounds, and make your point, if I believe you to be correct, I will either rephrase the question or withdraw the document or go on to the next subject.

But if I believe it to be relevant on the basis of my examination of the document, I will ask the question and you may instruct the witness not to answer. But I think it is important for the record at this point for us to be clear in what capacity you are here, whether you are here representing the witness to protect his constitutional rights, or whether you are here in some other capacity representing some other entity. I would like for the record for you to indicate to us what capacity you and your colleague are here and what your representation is.

MR. McGRATH: We represent the individual in his official capacity.

MR. OLIVER: You do not represent the Government of the United States in this deposition; is that correct?

MR. BUCK: Wait a second.

Let me interrupt just for a second.

I don't think counsel is under oath at this point and I am not sure we can have an examination of the counsel on just what capacity. If you want to ask the witness what capacity his counsel is in, that is one question, but I have a problem with questioning the counsel. He made a statement under what capacity he is here and I think the statement should stand by itself.

MR. OLIVER: Mr. McGrath, I would like to repeat, you are not representing the United States Government. You are here representing this witness in his individual capacity; is that correct?

MR. McGRATH: I have previously stated we represent the individual in his official capacity.

MR. OLIVER: May I ask you whether or not your responsibilities in this deposition and after this deposition extend to discussing this deposition with anyone in the White House or any other government officials who are not in a position of attorney-client with this witness?

MR. BUCK: My same objection. I don't know --

MR. OLMSTED: I don't think we have to answer that question. Whether or not we have an attorney-client privilege with Mr. Raymond and he chooses to allow us to speak with other people is also within our attorney-client privilege with Mr. Raymond. You can ask the question, but we can politely refuse not to respond.

MR. OLIVER: I am trying to determine in what capacity you are here. This is highly unusual. You may be familiar with the rules of the Congress and the rules of the House of Representatives that witnesses may have counsel present for the purpose of protecting their constitutional rights, but it is highly unusual to have attorneys present who are not there solely in the capacity of representing the witness' personal constitutional rights.

MR. BUCK: This is not the first time that witnesses have been represented by government attorneys and will not, undoubtedly, be the last time. I don't think it is highly unusual that Mr. Raymond is represented by attorneys from an agency from which he worked prior and which is relevant to this investigation.

MR. OLIVER: I am just trying to determine whether or not you are here in more than one capacity, counsel.

MR. McGRATH: I believe the manner in which I have answered that covers your question. We represent the individual in his official capacity.

MR. OLIVER: Let me read to you from the rules for Mr. Buck's edification. Rule 6 of the Select Committee to Investigate Covert Arms Transactions with Iran states, "Personal counsel, retained by any witness and accompanying such witness, shall be permitted to be present during the testimony of such witness at any public or executive hearing and to advise such witness while he is testifying on his legal rights.

"The presiding member may require that the witness not be accompanied by anyone except such personal counsel."

What I am trying to determine is whether or not you are here in any other capacity other than personal counsel for this witness.

MR. McGRATH: I have answered the capacity in which we represent Mr. Raymond. We represent Mr. Raymond as an individual in his official capacity.

MR. OLMSTED: All of this, by the way, has been previously discussed and worked out as among, I gather, the committees and each government agency from which witnesses have testified. Rather than going over old territory, I think what fomented this discussion originally was our concern that this deposition, which is now in its, I guess, third day, was going to go back into issues from 1983, which we can see no connection and if you can, then perhaps focusing on that connection we will have no objection. I guess what we were trying to suggest is that this deposition could be -- rather than going into everything having to do with 1983 --

MR. OLIVER: Counsel, I presume you have been provided with a copy of the rules, and the White House has had this for some time and you are familiar with the rules.

I would like to read into the record Rule 7, pertaining to affidavits and depositions, which I assume you are familiar with.

I would like to have it on the record.

"Witnesses may be accompanied at a deposition by personal counsel to advise them of their rights subject to the provisions of Rule 64, 65, 66 and 67 hereof. Absent special permission or instructions from the Chairman, no one may be present in depositions except Members, staff designated by the Chairman, and the official reporter, the witness and any personal counsel. Observers or counsel for other persons or for the agencies under investigation may not attend."

MR. McGRATH: I would like to note for the record that I accompanied Mr. Raymond to an interview by members of this committee last April; that with the full knowledge and awareness of the counsel present here today, I was with Mr. Raymond at his deposition approximately two weeks ago and that with the same members present yesterday I accompanied Mr. Raymond to the second part of this interview or this deposition, excuse me, and that under the same conditions we accompanied Mr. Raymond to this deposition beginning today.

MR. BUCK: If there is an objection to White House counsel being present, perhaps we should adjourn this deposition for three or four weeks so that Mr. Raymond has time to get his own attorney and has time to include that attorney in the affairs and let that attorney gain the knowledge with which that attorney needs to represent Mr. Raymond's interests.

MR. OLIVER: Thank you, Mr. Buck. That is consistent with your usual contributions to these depositions.

MR. BUCK: I just want to be fair to Mr. Raymond.

MR. OLIVER: I do not object to your presence, counsel. I am just trying to determine when you raise an objection, whether you are raising that objection on the basis as his personal counsel or in another capacity. I realize that this has occurred on other occasions. I find it highly unusual and I would not have raised it had it not been for the discussion we had about your objection to the relevancy of a particular document that Mr. Raymond signed.

MR. McGRATH: The objection is Mr. Raymond should not be asked to comment upon matters that are not within the committee's jurisdiction. The only reason for raising the possibility of an objection on my part was that Mr. Raymond should not be forced to answer questions which are beyond the committee's jurisdiction.

MR. OLIVER: I understand that and I am perfectly willing to entertain those objections and I certainly hope you will object if that is the case. But in the case of this document, I think that trying to draw a line that this document is outside the relevancy is such a narrow construction that I am concerned about on whose behalf you are asserting that relevancy and that is why I asked what your capacity here was.

I think I have generally established that. I would like to discuss this document, counsel, and to ask questions about it. Do you have any objection?

MR. McGRATH: Proceed. I was just raising the point that that is an issue that I have a concern about and I just wanted you to be aware of it before we got into a discussion of this document.

MR. OLIVER: Thank you.

BY MR. OLIVER:

Q Mr. Raymond, in the first sentence of the second paragraph of this document it starts of with, "This will be our first session with donors and Charley has focused this meeting specifically on our needs [redacted] What did you mean by this sentence?

Was this -- what were these people donors to?

MR. BUCK: I am going to object to the question unless they were donors to Central America. I am going to ask the witness not to answer the question, not because I represent the witness' interest, but because I represent the minority's interest and their interest in the integrity of this investigation.

Unless Mr. Oliver can show direct relevance to this investigation, I am going to ask the witness not to answer until we have a ruling by the Chairman.

MR. OLIVER: Would you please answer the question, Mr. Raymond?

THE WITNESS: There was nothing involved with Central America in this meeting.

BY MR. OLIVER:

Q I understand that. But it indicates that this would be the first session with donors and that this meeting specifically focuses on our needs [redacted] It leads me to believe there might be needs elsewhere that these donors might be involved with. Did you contemplate that you would have some need elsewhere other than [redacted] and that this would be the first session with these people and that subsequent sessions might focus on your needs elsewhere?

A Whatever may have been in my mind when I wrote the piece, the fact is that it was the only meeting that took place that I was involved in of this character that I can recall.

It was the only meeting involving Mr. Wick that I can recall.

Q Was the purpose of this meeting to get these people to donate money to something?

MR. BUCK: Objection. Same grounds.

MR. OLIVER: I would appreciate,counsel, if you would allow the witness' counsel to represent him and when it comes your turn to ask questions you may certainly do so, but this is going to be a long deposition which may take a long, long time if you continue to make such frivolous objections that have nothing to do with this deposition. We are already discussing this document.

The relevancy has already been conceded by the witness' counsel. We will proceed along much more expeditiously if you will allow the witness' counsel to give him advice.

MR. OLMSTED: If I could comment on one representation. The relevance of this document has not been conceded by any counsel. We have permitted questioning on this document because it is within the realm of imagination and zeal that a relevant question could be asked from this document. We have not objected to the questions because the answers have been specifically how this document may or may not relate to the issues that are involved in this investigation.

We have mentioned before we did not find this a relevant document, but it is conceivable a relevant question could be asked from it so we have not objected to it.

MR. BUCK: I want to make it clear to the record I am not objecting on the witness' behalf. I am objecting on behalf of the minority and if Mr. Oliver is suggesting that the minority has no interest in this investigation, I take exception with that objection.

MR. OLIVER: That was not the case, Mr. Buck. That was not what I stated. I want to allay your fears.

MR. McGRATH: If you might repeat the question.

MR. OLIVER: The question was whether or not these people were -- it was contemplated these people were going to donate money to projects and whether or not that is the case.

THE WITNESS: The discussion focused exclusively, as you know from the document, [redacted] There was no discussion of Central America, no contemplation of funding for Central America in any of this discussion.

BY MR. OLIVER:

Q On the talking points that are attached, I assume these are talking points in the big speech type.

A Right.

Q It says in the last paragraph on that page, "Charley Wick has led in Project Democracy and in near-term consensus building projects."

Is that the same Project Democracy that included activities related to Central America?

MR. McGRATH: I apologize, counsel. Which --

THE WITNESS: The Project Democracy referred to here is the roughly $65-million program that was developed by the Administration in early 1983 and submitted as part of the budget in January, 1983, to submit to Congress, which would include funding for a wide range of activities, all of which were totally in the public domain and would be discussed with Congress.

It did include funding for something similar to the National Endowment for Democracy, which I don't believe had come into existence at that time and was a concept. It had been determined that USIA would be the lead agency in submitting that package to the Hill.

BY MR. OLIVER:

Q Did you draft these talking points?

A I believe so.

Q On the last line of both the suggested talking points and what I guess is the final cut on the talking points it says, "I note Charley can do this. He has done pretty well for me raising funds in the past."

And then in the final cut it says, "I asked Charley to pull the group together to form nucleus support in private sector for programs critical to our efforts overseas. Charley can do this. He has done well raising funds in the past."

What were you referring to raising funds in the past when you drafted these talking points?

MR. BUCK: I am going to object again to the question being overbroad and would ask the witness only to answer in regards to Central America.

THE WITNESS: To the best of my knowledge, that reference there had nothing to do with Central America. I believe he had been active in a presidential and congressional supported international youth program. That was one reference.

BY MR. OLIVER:

Q It had nothing to do with raising funds for the contras or for any of the private groups or private sector initiatives that had to do with building support for the Central American policy?

A Absolutely nothing to do with Central America.

Q Thank you.

Mr. Raymond, I had asked you earlier how much time you devoted to public diplomacy as opposed to your other activities, previous responsibilities after you resigned or retired from the CIA the end of April, 1983. I wanted to ask you prior to your resigning from the CIA in 1982 and 1983, how much of your time did you devote to public diplomacy, public-diplomacy activities while you were still head of the intelligence section of the National Security Council?

A You are speaking specifically of July 1982 to approximately June 1983?

Q Yes. I just want an approximation. I know you don't keep a time clock.

A I would say that starting initially in early July 1982, early in my tenure, it would be principally intelligence and it was a reversing trend. So by the time that I was ready to leave the intelligence group I was probably spending over 50 percent of my time on public-diplomacy matters, a not unsurprising thing in the NSC, because, again, the labels mean very little.

The NSC utilizes its personnel as best they can and they do a lot of different things. But I would say over 50 percent on public diplomacy by the time I was asked to head the public diplomacy directorate.

Q But you had indicated earlier that when you discussed going to the NSC with Bill Casey while you were still at the CIA that you made a speech to him about how you wanted to foster this public-diplomacy initiative so that you and he agreed that that would be something that you could engage in. Is that correct?

A No, sir. I made that speech to Bill Clark.

Q You didn't make that speech to Mr. Casey?

A I discussed the matter with Bill Casey, that is correct, as I testified yesterday. But the basic point that I made was to Bill Clark because Bill Casey was not in a position to make a judgment as to how my time would be decided and divided in the National Security Council. That was a judgment for Mr. Clark.

Q But you did indicate to him that this was one of the reasons you wanted to go to the NSC and to participate in this job. Isn't that correct?

MR. OLMSTED: Which him?

MR. OLIVER: Bill Casey.

THE WITNESS: Yes. I indicated that to Mr. Casey, but he couldn't make any judgment as to how my time would be decided. I worked for Bill Clark.

BY MR. OLIVER:

Q But you indicated earlier Bill Casey was also interested in this whole public-diplomacy area and, therefore, was agreeable to, I believe -- I may be drawing conclusions --

would it be your testimony Bill Clark, on the basis of your conversations with him, interested in the public-diplomacy area, knowledgeable about your interest, knowledgeable about your desire to work at the White House to promote this idea and that he was informed about your activities from time to time in the public-diplomacy area?

MR. BUCK: Which question are we going to ask of that?

MR. OLIVER: Let the witness decide.

THE WITNESS: You used the wor~~x~~d "Bill Clark".

BY MR. OLIVER:

Q I meant Bill Casey. Thank you.

A As you say, counsellor, there are several questions. Mr. Casey has been or was interested in public diplomacy, I think, all his professional life. So this is not something that was directly related to his role as the Director of Central Intelligence. It related to his very essence. It is true that I discussed this with him.

It is true that he thought it was a good idea.

Q And did you keep him informed from time to time of what you were doing in the public-diplomacy area?

A As I testified yesterday, there were weekly meetings involving Mr. Casey and Mr. Clark. Occasionally an item would come up in those meetings. I did not have any formal process of advising or informing Mr. Casey.

I met with him perhaps every four or five months. It was not a regular process of meeting with Mr. Casey.

Q Did you keep Mr. Casey informed about the progress of your efforts to have LPD established in the Department of State?

A Not -- a response to your question would be negative. He was aware of our interest in establishing a LPD in the first instance. He was aware of the proposal to have former Senator Stone take that responsibility. He was aware of the possibility that Otto Reich might take that responsibility as a replacement for Senator Stone. But I was not in any way briefing him on a regular basis.

Q Did he approve of the appointment of Otto Reich?

A I don't recall specifically that. I know that Ambassador ~~Mister~~ Kirkpatrick and Senator Stone were strong supporters of Otto Reich. I don't recall whether Mr. Casey even knew Otto Reich.

MR. OLIVER: I would like to ask the reporter to mark this as Raymond Exhibit 22.

(Raymond Exhibit 22 was marked for identification.)

THE WITNESS: Is there some specific --

BY MR. OLIVER:

Q Is that your signature on that document?

A Yes, sir.

Q Let the record indicate this is a weekly report from Walt Raymond, Jr., to William P. Clark, dated April 29, 1983, and the committee identification number is N-3091.

Mr. Raymond, this document was written while you were still the head of the Intelligence Directorate; is that correct?

A Yes, sir.

Q In the last paragraph on the first page titled "Private Fund Raising", there is a reference to a presidential meeting with donors and the final sentence says "I believe the activist orientation of the key donors suggest that grants that they give will have a sharp cutting edge that will be directed to both [redacted] and American audiences. I will provide you details as they become available."

Could you tell me what you meant by the activist orientation of the key donors in that last sentence?

MR. BUCK: I am going to restate my previous objection and ask the witness only to answer in regard to Central America. If this is a [redacted] matter, I am going to ask the witness not to answer that question.

MR. OLIVER: Let the record indicate that it does not -- this is a weekly report. It does not indicate in that paragraph any particular region other than both [redacted] and American audiences. It also includes the name of Roy Godson who has been well established in this investigation raised private funds at the request of Oliver North for the resistance in Nicaragua. I think that once again this is a frivolous objection which simply delays and frustrates the purpose of this deposition.

MR. BUCK: Roy Godson has not been shown to be relevant to this investigation during this time frame and to the best of my knowledge, anything Roy Godson said has not been released by this committee for public consumption. I am just warning the witness that we need not go into areas with private contributors that are outside of Central America.

If it is relevant to Central America, I certainly encourage the witness to answer.

MR. OLIVER: We have already discussed Roy Godson earlier in this deposition, Mr. Raymond, but that was not my question on this paragraph. I would like to ask you what you meant by this last sentence that we have already discussed and has been read into the record.

THE WITNESS: Well, first of all, there is no indication in here or in the facts that I am aware of that any of this dealt with any grants that involve Central America. The activist orientation of key donors is simply a characterization of people who have a history of being active political and public servants, political figures in public service.

BY MR. OLIVER:

Q You refer in there to the third sentence in that paragraph that Roy Godson and Leo Churn have had several meetings with the private donors executive committee. What is that?

A Well, that is worth clarification. After the President had the general meeting with the group in the White House, there was a discussion of the concern that the President had about the need for private sector to be more active in international affairs.

This was a discussion that we covered yesterday in about 15 or 20 minutes of talk. The private group met separately and decided that they did think that there was a problem and they would like to see what they could do constructively. They did not want to be working with the United States Government.

They did not want to be responsive to the United States Government. They understood the need as articulated by the President and they said let us see what we can do and they went off and they created an executive committee of several people that would sit there and see what they could do on their own to deal with the problem and that was the end of it.

Now, they asked -- and this is not from the executive side, it is not from my side, it is not from the

NSC side -- they asked whether Mr. Godson and Mr. Churn would perhaps meet with them periodically. That is their decision, their call and their follow-up action.

Q Was Roy Godson a consultant to the National Security Council at that time?

A I do not know his dates. I know later he was. I do not know if he was a consultant at that time.

Q Do you know whether or not he was a consultant to the National Security Council at any time when he had meetings with the private donors executive committee?

A I do not, because I do not know when he became a consultant to the NSC. This executive committee might say to the best of my knowledge -- and I never met with them -- to the best of my knowledge this executive committee met a couple of times in 1983. I do not believe it ever met after that.

Q [redacted]

A [redacted] to both Leo Churn and Roy Godson.

Q For the record, could you identify Leo Churn?

A Leo Churn is the -- I want to get the title right. I think it is -- Leo Churn is a lawyer, a distinguished American -- active in a number of different programs. He has been very active in refugee relief, international refugee relief. He has, I think it is called, the Research Institute of America, which he is involved with.

He is also a recipient of the President's Medal of Freedom.

Q Was he a member of --

A And he was also associated with Freedom House. He was a member of PFIAB, Vice Chair.

Q So at the time Roy Godson and Leo Churn had a governmental connection, Roy Godson was also, was he not, a consultant to PFIAB?

A I am not certain of that. I think so but I would have to -- that would have to be checked in the White House records.

Q PFIAB, for the record, is the President's Foreign Intelligence Advisory Board.

Who was on this private donors executive committee?

A My understanding was that it was [redacted] [redacted] and one more and I am not sure who the third one was, an American, but I never met with the group. As I said, it met twice and possibly more but it didn't meet any more than two or three times in the first part or during 1983.

I don't know how long this went on. And that was it.

Q On the last paragraph of page 2 of this exhibit there is a reference to a PAO conference in Miami on May 2nd or 3rd. The last sentence says, "We will be discussing our overall needs in the region with particular attention to providing support to the President's program."

What were your overall needs in the region that you discussed at that meeting?

A As you can see, incidentally, it is April 29. I was already basically wearing my public diplomacy hat ~~head~~. This was a very typical USIA-PAO conference where each PAO would --

Q For the record, I believe in April of 1983 you were still the head of the Intelligence Bureau?

A I said that. Let me correct myself here.

I did not attend this meeting. I looked at it. I did attend a PAO conference which is what I was describing as a very typical conference Latin America-wide in Miami in May, 1984, but not in 1983. I did not attend this meeting. My recollection of the agenda was that it was an overall discussion participated in by State Department and USIA people, of policy issues in the region and what USIA, PAOs, in their various host countries could do to facilitate the President's program.

That is really what you see is what you get there.

Q Mr. Raymond, you were involved in tasking public affairs officers, is it your testimony you were involved in tasking public affairs officers in Central American affairs while you were head of the Intelligence Directorate at the National Security Council?

A No. I didn't say that.

Q What was your relationship to PAOs in Central America while you were head of the Intelligence Directorate and still an employee of the CIA?

A There was no direct relationship. I mean, we were on an interagency basis, we were discussing Central American policy questions but there was no direct relationship.

MR. McGRATH: One point of clarification. I don't believe from the informal information we had yesterday that Mr. Raymond was still an employee of the Central Intelligence Agency on May 2 to 3.

MR. OLIVER: The memorandum we are referring to was written on April 29, counsel.

MR. McGRATH: I believe, if my recollection is correct, that the date of termination was April 25 or 26. Minor point.

MR. OLIVER: That was what he thought, but I think you are going to provide us with the initial documentation of all that, isn't that correct? We had asked you to do that yesterday. Yesterday you gave us an informal recollection, and we would like very much if you would provide the documentation to the committee.

MR. McGRATH: We are trying to obtain the actual personnel records on that.

MR. OLIVER: You will provide us with the documentation on the representation that was made yesterday regarding the retirement date, official retirement date from the CIA of Mr. Raymond, the official date of his assumptions of his duties in the White House after his retirement when he became a full-time employee.

MR. OLMSTED: We will provide you with those dates if that is your question.

MR. OLIVER: Yes, yes. There was an informal telephone conversation yesterday and there is some confusion about this as to how many days there are in April, I think, at this point.

MR. OLMSTED: I understand.

MR. OLIVER: Could we take just a five-minute break?

end #1

#2
emm-1

MR. OLIVER: Back on the record.

BY MR. OLIVER:

Q Mr. Raymond, we have been discussing private donors, persons who are referred to in these exhibits as private donors. Was part of your public diplomacy effort to secure and encourage private donors for projects related to public diplomacy?

A As stated earlier, I felt there was need for greater involvement by the private sector. To the best of my knowledge, no efforts that I was involved in involved Central America.

[redacted]

[redacted]

Q I would like to ask the reporter to mark as Raymond Exhibit No. 23 three comments from Walter Raymond to William P. Clark dated May 18, 20 and 21, 1983.

The first one is the subject of Central America public diplomacy, bears committee identification 30921. The second one is a weekly report and bears the committee identification No. N-30915. And the third one is subject, "Central American public diplomacy," and bears the committee identification No. 30913.

(Raymond Deposition Exhibit No. 23 was marked for identification.)

BY MR. OLIVER:

Q I would like to ask you to examine these documents

Mr. Raymond.

Mr. Raymond, is that your signature on those documents?

A Yes.

Q These documents were written during the period, I believe, you testified earlier, during which you were a consultant to the National Security Council, which was the period between your retirement at the end of April and your commission as special assistant to the President in charge of international communications, which I believe you indicated you had looked at yesterday morning, and was dated June 2nd, 1983; is that correct?

A That is correct.

Q In the fifth paragraph of --

MR. OLMSTED: Just a moment.

THE WITNESS: Let me finish this last part.

MR. OLMSTED: Could we hold up?

MR. OLIVER: Would you like to take a moment to examine these documents?

MR. OLMSTED: Yes.

MR. OLIVER: We will take a two-minute break.

(Recess.)

THE WITNESS: Okay.

BY MR. OLIVER:

Q In the fifth paragraph of the first page --

4

A The 18 May document?

Q Yes. We are going to talk about them in chronological order.

You state that "our vulnerability is that neither Dick Stone nor State has done a particularly distinguished job in implementing a day-to-day public diplomacy strategy. Stone has worked on the big picture and not gotten into some of the details necessary to make the wheels turn. State, ARA, has been disinterested, incompetent, overworked, all of the above."

Your talk about the ~~contras to~~ contribution to the daily efforts is striking. I'm referring to paragraph five.

Why did you feel that State, ARA, was disinterested, incompetent, overworked, all of the above?

A No, it's interesting, a personal note, I read this quotation which I ~~haven't~~ hadn't recalled in the Jacksonville newspaper on Saturday and the APA release on Saturday. I hadn't realized it had been declassified.

Q It may have been declassified. I don't know what has been declassified and what hasn't.

This document that we have in front of us has not been declassified. There may be a declassified version that has been made public, I'm not sure.

A Specifically I think that the issue about Dick Stone I would like to put in perspective. He was a singleton and what he was really talking about was the need to have a more energetic, more robust program, and it wasn't that he lacked any of the competence; he was a very fine person in that responsibility. I think that the question of State Department, ARA participation at that time was a deep concern in the White House about the degree of support that ARA was providing for the President's program.

Q The import of this memorandum, as I read it, is that you wanted to change the structure that was developing with Central American public diplomacy. Is that a fair assumption?

A Yes, but it reflects discussion that I had with the leadership of NSC, which were dissatisfied with the implementation of our Central American policy. So I was trying to identify that we had a problem also in the public diplomacy area.

Q In the next to last sentence on the first page, you state and I quote, "If you wanted to keep a discreet group looking at the covert action, it could be identified as the NSPC working group."

Was there an NSPG working group created subsequent to this memorandum?

A I do not recall. I was expressing a concern about the issue because I wanted to keep any covert dimension out of public diplomacy, but I realize there needed to be some command and control.

Subsequently, as you know, we know from history, a group known as RIG restricted was created. I do not know whether an NSPG working group was created or not, so I did not participate.

Q You do not know whether or not an NSPG working group was ever created?

A I do not know whether a formal group by that name came into being.

Q You refer in the next section, which overlaps into the next page, "A working group meets under Craig Johnstone. Needs to be an effective working group." ~~--~~ what group are you referring to?

A Well, I was referring simply to the existing policy structure at the working level, which was a group which I'm calling the working group under the deputy assistant secretary for Latin America, Craig Johnstone.

Again, my concern --

Q Who was Craig Johnstone?

A Deputy assistant secretary of State for Latin America, with principal responsibility for Central America.

Q Was Craig Johnstone employed at CIA?

A No, he was a State Department Foreign Service Officer, now an ambassador overseas.

Q In the next paragraph, on page 2, you refer to a

Central American working group. Was that the Central American working group which met in your office?

A No. This is not a very elegantly phrased sentence but I believe it refers to the same subject as the previous paragraph where I felt that we needed to have an effective, more effective coordinated approach to policy, and I state in here that a public-diplomacy coordinator should be in such a group because public diplomacy takes its lead from the policy.

Q In the last sentence of that paragraph, you say, "Failing to act on this will mean our international program will be inadequate and our domestic program will go by default to the outreach committee."

What was the outreach committee?

A Faith Whittlesey's group.

Q It was your recommendation that domestic programs should not go by default to that committee?

A As I believe we discussed in the open hearings a few weeks ago, I felt that, and Judge Clark, Bill Clark felt very strongly that there should be some kind of cooperation between the foreign-policy process which we were urging under state or the White House, but strengthened, and the domestic program Faith Whittlesey -- it shouldn't be totally separate tracks.

Q So in effect what you are saying here is that you

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want this effort to be coordinated in the White House but not by Faith Whittlesey's outreach committee; is that correct?

A The outreach group as a support element doesn't make foreign policy. I wanted to have the foreign-policy community in charge of foreign policy for Central America.

Q And the person who you wanted to be in charge of this was Otto Reich; is that correct?

A Otto Reich would only be in charge of public-diplomacy dimension, information programs.

Q But your recommendation in there that he be given a White House cache in order to enhance his clout over these elements; is that correct?

A That is correct.

Q You recommended in there that to Bill Clark, that he meet Reich, seek George Shultz's concurrence and issue a statement similar to that involving Stone. Did he meet Reich?

A Yes.

Q Did he seek George Shultz's concurrence in Reich's appointment?

A Yes.

Q And did George Shultz resist Reich's appointment?

A There was discussion. There was review of the proposed announcement. My recollection is that the Secretary made some personal changes in the announcement and then he concurred.

Q Did he send a memorandum to the President indicating that he wanted to run this activity through the assistant secretary of State and with career Foreign Service Officers?

A I believe that, I haven't reread my testimony, but I believe you showed me a memorandum to that effect.

Q Yes, that is correct.

A In early September. Yes.

Q Actually it was late May.

A I mean --

Q I'm trying not to go back to some of the things we already discussed.

A My answer to the question is I don't know whether I had -- I had not seen that memo before you showed it to me in our first deposition. But the President did to the best of my recollection decide in favor of the final text which announced the appointment of Ambassador Reich, but he also made certain that there were clear responsibilities into that process for the Department of State. It was a question of working very closely with the Department of State to implement the program.

Q On the third page you have four elements there that you have asked Mr. Clark to make a decision on. Do you recall whether or not he returned this to you with markings in those boxes on those lines?

MR. McGRATH: Do you have a copy of the document which indicates whether he did or didn't?

MR. OLIVER: I'm asking him whether he remembers.

THE WITNESS: My answer is I do not remember that, but it's my recollection that the first three decision blocks were carried out. Obviously the third had some interim stages. I don't know what happened to the fourth.

BY MR. OLIVER:

Q You indicate that Al Sapia-Bosch and Bob Sims concur. Was Al Sapia-Bosch in the public diplomacy?

A He was the senior Latin American official at that time in NSC.

Q Bob Sims?

A Public affairs press official for the NSC.

Q Is the last page on this exhibit a memorandum for Shultz that you drafted for Mr. Clark?

A If you will let me, I have to read this. I did not catch this in my previous reading.

Yes, I believe I drafted it in coordination with Mr. Bosch and Mr. Sims. I do not know whether this is a draft or whether this is the document that was taken over by Mr. Clark and discussed with Mr. Shultz. I have no evidence here to indicate whether this is the final version.

Q Did all the things that are recommended in here happen?

A No, I repeat, I can't speak to the question of the first paragraph although it was finally resolved in terms of how to centralize policy. In shifting to my new responsibilities, I was not involved in day-to-day policy. I believe some adjustments were made, one, in terms of public diplomacy. This is in the ball park of what happened, I believe, although there were some modifications made after discussions with the Secretary.

So I mean the document can be provided, but I think a line in/ line out analysis will show some adjustments were made after Mr. Clark and Mr. Shultz talked and a revised version went forward. I can't be certain about that.

Q Once again in the last sentence of the first paragraph of that memorandum you prepared for Clark to send to Shultz, it says, "Special meetings devoted to covert action items would be discussed in NSPG working group under NSC work chairmanship." Did that happen?

A As I indicated before, I don't know whether NSPG working group was established. I cannot answer definitively.

Q In the next memorandum dated May 20, '83, there is a sentence in the end of the first paragraph, "Private representatives at the second meeting raised the question of establishing a coalition for democratic Central America. This would be helpful if it happens."

What was your involvement in helping to establish that?

A Well, I think I documented that in the opening testimony. We had been receiving a wide range of suggestions to this effect identifying this issue with Bill Clark. I made the point that it would be helpful if there were a broad bipartisan group that could start identifying the issues of Central America~~s~~, one which was very little understood in the United States.

Q Did you assist in helping to establish that?

A Such a group, to the best of my knowledge, was never formed.

Q In the next to last sentence on the next paragraph you indicate that Faith Whittlesey is quite prepared to depend on us, NSC, State, for policy correctness." Does that indicate she's going to take her direction from you, I assume you mean?

A NSC. I think that the antecedent is really the memo between Bill Clark and Mr. Baker where he discusses the outreach group and the relationship, some of the relationships with the public diplomacy. Our effort was to try to see if the public diplmoacy coordinator worked closely with -- it does not mean to say it always happened.

Q In the last paragraph of private funding effort, I have provided Jeff Davis list of funding programs that require private-sector support. Did you provide Jeff Davis

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with such a list?

MR. BUCK: I'm going to object to the question. All of the top part of the documents is relevant. I don't believe anything in the paragraph entitled Private Funding Effort has to do with this investigation, and I'll ask the witness only to answer within the scope of this investigation.

BY MR. OLIVER:

Q Did you provide Jeff Davis --

A I provided a list, to the best of my recollection. It did not include any items on Central America.

Q Have you provided that list to this committee? Has that list been provided to this committee, counsel, to your knowledge?

MR. McGRATH: I do not know.

BY MR. OLIVER:

Q Do you still have a copy of the list in your files, Mr. Raymond?

(Witness conferring with counsel.)

MR. OLMSED: The question is what?

MR. OLIVER: My question was whether or not this committee had provided, the question to Mr. Raymond's counsel, whether or not that list had been provided to this committee, to their knowledge, and second question, whether Mr. Reich still had a copy of that, Mr. Raymond still had a copy of that list.

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THE WITNESS: We are trying to identify what the list is.

I don't know whether it's been provided.

MR. OLMSTED: We don't know whether it's been provided.

THE WITNESS: We can search it.

My recollection of some of the ideas are 95 percent [redacted] there was one item something to do with Salvador students. I don't have this specifically in my head. If I could find the list and reread it, I could tell you, but I think we were trying to bring a group of young Salvador students up in the early '83, who were very much typical kind of youth exchange where we could try to encourage more young Salvadorans to be exposed to the democratic process.

BY MR. OLIVER:

Q Who is Jeff Davis?

A Jeff Davis is a businessman in Seattle, Washington, who had contacts with the Reagan administration when the President was governor in California, and he in a sense approached Bill Clark, who was a friend, and asked Bill Clark, chatted with him and that was, I met him subsequently.

Q Did he ask you to provide Jeff Davis with this list, Bill Clark?

A I don't --

Q Did Bill Clark ask you?

A I don't recall that. I imagine so. I wasn't just doing this on my own.

Q Did Jeff Davis, to your knowledge, help raise funds for this private-sector support?

A No funds were raised by Jeff Davis. No funds were raised by Jeff Davis for Central America.

Q Did he assist anyone else in raising funds for this private-sector support, or did he ask anyone else to raise funds for this private-sector support?

A No conversations that Jeff Davis had resulted in the raising of any funds for any cause that I'm aware of.

Q But you are aware that he had a conversation in which he was attempting to secure funding, private funding for these?

A He may have had conversations, but no funds were raised. And with the single exception of Salvador, none of the discussions of programs dealt with Central America.

Q Why do you say he may have had conversations?

A He indicated that he had talked to a couple of people -- I don't know their names -- who seemed to be interested in the democracy program, but, as I stated earlier, a lot of this I'm afraid was -- scratch that -- a lot of this was rhetoric.

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Q The next or the third sentence -- next sentence--indicated he was enthusiastic about the package and proceeding forward. Your recollection is that he may have been enthusiastic in proceeding forward, but he wasn't very successful in his efforts.

A Unfortunately, that is correct.

Q Next sentence, Roy Godson reported he met early this week with donor. Did Roy Godson report to you?

A He did not report to me in any command or control. He did as this cable, as this memo states, advise me of that meeting, which is the follow-up to the meeting we discussed a while back.

Q To your knowledge, did any of the private donors that Roy Godson met with ever donate any funds that were related in any way to central, including supporting, including trying to influence [redacted] public opinion to support the President's policies in Central America?

A There are several questions there.

Q The main thing is, did any of the donors that Roy Godson met with, to your knowledge, ever raise any money that was related to Central America? I was trying to define--

A I think the answer is that they did not raise any money that directly relates to Central America.

Q Did they raise any money that related to influencing [redacted] or American public opinion on Central America.

A I think they were very concerned about [redacted] and American public opinion on a wide range of issues. I think their hope was they could get more balanced press coverage on committee issues, one of which would be Central America.

Q Did they raise any funds for that purpose, to your knowledge?

A To my knowledge they did not. [redacted]

Q Did Roy Godson provide you with the details of any of these programs?

A No, that is about all I have. And, it is about all I received at that time, too.

Q Let's move on to the documents, May 21, which is already part of the exhibit here. This is your third memo over a period of four days to Mr. Clark and this follows the subject matter that was discussed in your May 18 memo which you indicate that we have got to bring this whole effort into organizational harmony, changes are needed in how we do business and you made recommendations.

You indicated in the first sentence we need to put this program together immediately. What was the urgency of this new structure to be put in place?

A Well, it was a period of considerable activities in the whole Central American area. We had to be more effective not only in the way we were formulating and implementing policy as we discussed earlier, but also in the way we were formulating and implementing the public-diplomacy strategy. This includes, as you know -- does anybody recall the dates of the Kissinger Commission?

Q Were they involved in this?

A No, they were not, but I mean it was a whole question of identifying a broad strategy for Central America. We were as concerned in our public-diplomacy efforts. We were as concerned with the Salvadore question, as we were with Nicaragua. We were also concerned to have our policy understood more effectively in Europe, in Latin America and in the United States, so there was need to get our collective act together.

That is what it called for.

Q In the first sentence of the third paragraph you indicate coordinators must be -- at this time must be separate from ARA. Why?

A To be more effective.

Q You recommended that it should be wired to the SPG structure, but in this case you recommended he initially be identified as a special assistant secretary to Secretary Shultz, working primarily for Eagleburger. This should ensure State support.

Were you indicating you wanted him to report to NSC although on organization charts he would likely be reporting to somebody in State?

A All of this in this area-- what was in Walt Raymond's mind at any given date. The ultimate resolution of this was to have discussions between Secretary Shultz and Bill Clark, and it resulted in a formal memo that went in the NSC, to State, I think, in which Clark signed for the President.

I think it established the basic policy I wanted to try to mobilize the whole community. However, I didn't want to put any kind of organizational structure together which would not include the Department of State. At the same time, more resources were involved. We wanted to have it as a national strategy national policy.

Q You indicated in the last sentence of the second paragraph on the first page, public-diplomacy coordinators will orchestrate the overall USG effort coordinating closely with Faith and simultaneously driving forward.

Ultimately, did the public-diplomacy coordinator orchestrate the overall USG effort as you recommended?

A He tried. I think he did a good job.

Q So basically, these memos of May 18 and May 21, where you recommended this structure of Otto Reich and LPD and so on, came to pass.

A Yes.

Q Is that correct.

A Yes.

Q I would like to ask the reporter to mark this document as Walt Raymond Exhibit Number 24.

(The document was marked as Walt Raymond Exhibit Number 24 for identification.)

BY MR. OLIVER:

Q This is a document which is a memo to Honorable William Casey, dated July 13, 1983. The subject is "Increase Funding Level for Nicaraguan Covert Action Program," signed by William P. Clark for the President and the identification number is N43661, continuing through N43685.

Mr. Raymond, this is a memo of notification about increased funding level for Nicaraguan covert action program, and if you will turn to the seventh, I believe, or eighth page with a memo for you dated July 6, 1983, there is a memo for you. The subject is, "Request for Increased Funding Level for Nicaraguan Covert Action Program," signed by Dennis Kux, and it seems to be notification to you that the acting Secretary of State has approved this.

This is more than two months after your retirement from the CIA, after you had assumed your new job of International Communications Director. Why were you being notified of the request for this increased funding level for covert action?

A The memo was misaddressed. The coordinator for Intelligence was Ken de Graffenreid. I don't even recall seeing this memo. If I did, I obviously immediately gave it to Mr. de Graffenreid. As you can see from all the documents which surround this, the interstaffing of this was done by Mr. de Graffenreid, not by myself. My name does not appear to my knowledge. I am shown it does appear in one place.

Q Yes, it does.

A I stand corrected in terms of that.

Q I believe that memo to you is dated July 6. Your name appears later in with a copy, copied July 13, 1983, the memo from de Graffenreid and North to McFarlane and not only does your name appear at the copy, it says, "in connection with the [redacted] Nicaragua Walt Raymond has suggested you might want to call Ken Robinson," and so on.

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A Right. I accept your point. I obviously was aware of the [redacted] I don't recall, frankly, discussing the [redacted] but I accept the document, the accuracy of them, but I think my original point is correct; that it was a mistake from the Department of State to have sent the document to me, because I was not involved in the active staffing of the package. As we discussed last session, I had been involved in some aspects of this congressional strategy and as you can see my remarks here quoted by de Graffenreid in memo not coordinated with me, was my suggestion to him on the basis of my tracking of the congressional question, as you saw in the separate traffic, something he might consider.

Q Well, if you look at page 4 of the last memo in this exhibit, which is a memo from Ken de Graffenreid, Al Sapia-Bosch and Oliver North to Bill Clark, and it relates to this memo of notification on Nicaraguan covert action funding, and it makes some recommendations that Clark brief the President; that he sign the attached memo informing -- then at the bottom it says, "Walt Raymond concurs."

A I don't remember seeing the document, and my signature is not on it.

Q On the first page is that Mr. de Graffenreid's signature and Mr. Al Sapia-Bosch's signature?

A Yes, sir it looks like it.

Q To your knowledge.

A Yes, all three.

Q Why would they put Walt Raymond concurs in a memo they sent forward if it wasn't the case?

A Documents are typed on the presumption of how they are going to be handled. But that doesn't necessarily mean that has happened. I think it is important there is no signature on here.

Q Well, Mr. de Graffenreid had been previous Deputy at the Intelligence Directorate, was your successor as head of that component in the NSC, was he not?

A Yes.

Q And Al Sapia-Bosch was working in the Central American Division, I believe, of NSC; is that correct?

A Yes.

Q Oliver North was in the political-military directorate, I believe that is correct-- well, they all knew you no longer were involved with the CIA and you had a different job.

A Yes.

MR. MCGRATH: I would just like to make the point that Mr. Oliver keeps indicating that previous employment or detailed employment at NSC by Mr. Raymond has some relevance to his responsibilities at NSC, and I am not sure that that has been testified to at this deposition.

I would request that he refrain from using that as a determinant whether Mr. Raymond was involved in certain activities or not.

MR. OLIVER: I think, counsel, that the documents which have been put into evidence in this deposition or have been used as exhibits indicate that Mr. Raymond was involved throughout this period of time, in both intelligence activities, and activities related to the CIA, as well as activities related to Central America public diplomacy, and this particular covert action finding that we are talking about relate directly to Nicaragua, and I am not putting his name on these pieces of paper.

I am just asking him why his name appears there.

MR. MCGRATH: Counsel misconstrues my point. My only point is that in your question about his involvement in these activities, the fact that he was formerly a member of the Central Intelligence Agency, which you keep predicating the questions on, does not have relevance to the issue which we are discussing.

MR. OLIVER: I am sorry, counsel, I am referring to his relationship with the agency while he was at the NSC from 1982 until the spring of 1983. He was still an employee of CIA.

MR. MCGRATH: That is exactly my point. There is nothing here to indicate the fact that the relationship that existed had anything to do with his responsibilities as an Intelligence director at NSC.

MR. OLIVER: That is why I am asking the question as to why his name appears on covert action memorandum related to Nicaragua when he is no longer associated with the CIA and people who write the memo saying he concurs certainly know that.

MR. MCGRATH: My point is that his involvement in covert action findings at NSC, was, as the record will indicate a product of his position as Intelligence Director, not the fact he was or was not associated some time with the CIA.

MR. OLIVER: I may state that, but I am not certain that anything that has been said here, any documents indicate that to be the case.

MR. MCGRATH: My point is nothing said here or any documents produced indicate that the point you are making is in fact the case.

MR. OLIVER: I am trying to determine why the State Department sends a memo to Mr. Raymond recommending ~~to~~ covert findings and a covert action memos and why people within the NSC, in the Intelligence Directorate, indicate on their memos to the NSC adviser that Walt Raymond concurs on covert action memoranda if he is now Special Assistant to the President.

MR. MCGRATH: I am not objecting at all to that question.

MR. OLIVER: The question was this: I understand how Mr. Raymond has testified that Dennis Kux at the State Department made a mistake; that it was misaddressed on July 6th, but on July 11, there is a memo indicating that he concurs on the same matter from people within the NSC, with whom he worked very closely and who certainly knew what his role was.

THE WITNESS: I will respond to your question, Mr. Oliver. It seemed to me that the record is clear that while turning over my responsibilities in the main there were a few residual responsibilities continued through that summer.

We have seen documents citing my involvement or my concern, certain aspects of this problem as late as September. As you can see, the principal architect of this memo were three NSC staff officials, ~~since~~ (I had), ~~identified~~ as the record shows, some limited involvement in this issue in the transition period, which is what we are talking about right now, on a very complicated issue, which started early in the year.

I was put down as a coordinat~~ion~~or. That is why my name is there. I do not recall coordinating, concurring, but I don't know that is particularly relevant. The fact was the record shows I had some involvement in this issue, during the summer while transition was taking

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place.

MR. OLIVER: I would like to ask the reporter to mark this document as Raymond Exhibit Number 25.

(The document was marked as Walt Raymond Exhibit Number 25 for identification.)

MR. OLIVER: I would like to ask for the record, that this is a memo classified secret to Robert McFarlane from Walt Raymond, Jr.; subject, "Central America Covert Action," dated July 21, 1983, the committee identification number N46168 through 46179. And this package contains a memo dated July 8, 1983 from Walt Raymond, Jr., to William P. Clark on Central American Covert Action.

It also includes a memo draft memo for Mr. Clark to send to the President on Central American Covert Action and an amendment to H.R. 2760, which relates to legislation on the prohibition of covert assistance for any military operations in Nicaragua. My question, Mr. Raymond, did you sign the two memos there to Mr. McFarlane and to Mr. Clark?

THE WITNESS: Yes, I did.

BY MR. OLIVER:

Q My question is, why were you initiating memos to the National Security Adviser on Central American Covert Action in your position as Director of International

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Communications at NSC?

A This issue we discussed yesterday in rather exhaustive detail. Basically, this is one area where the transition was taking place during the summer. On an issue which had been going on during the time that I had been in my other position, and as I think most of the documents pointed out, the general focus seemed to be dealing with congressional strategy.

In a somewhat division of labor, I had been asked by my superiors to stay plugged in on that issue for a little while and that is what I was trying to do.

Q Why would you not advise Mr. de Graffenreid to put forward such a memorandum rather than putting forward in these measures?

A I think I have covered that point. This was something that I had been working on while I was in the intelligence group. We kept thinking this was going to be resolved. We expected it to be resolved in early spring. It dragged on into summer, and the question was simply was at what point in time do you turn over this one aspect of it, and I was asked to stay with it. Let's get this problem solved, and then get it off your desk.

Q By this aspect of it, do you mean Central American covert action?

A No, I mean this general discussion which was going back and forth with various parts of the government, particularly with the Department of State and others, over the congressional issue. end 2a

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Q What was your responsibility for legislative strategy in either position?

A I was not a principal for legislative strategy in either position. There was -- I think there was a reference in here, Chris Lehman had come on board as the Special Assistant for the President for Legislative Liaison. I am not clear on this, but my vague recollection is he came on board about coincident with the reorganization of the NSC. I am reasonably confident he came on board about June '83. So we had a transition problem and we also had a fast-moving train. So they asked me to stay on the train until this could be sorted out.

It did not mean that I had a sudden new job description.

Q So you are indicating, I take it, that your responsibilities in both positions overlapped in the areas of covert action, legislative strategy and public diplomacy?

A I don't think the word "overlapped" is correct. This is one issue we have identified in which I stayed involved until approximately September. Yes, that was three months of overlap but it doesn't mean that the whole process of both offices was all entangled. This is an issue I was asked to stay with.

Q Who asked you to stay with it?

A The Leadership, Judge Clark and -- basically

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Judge Clark.

Q Judge Clark asked you to stay with this area of responsibility. Why is the only other name that is mentioned on these two memorandums Al Sapia-Bosch? When you indicate it was coordinated with him, what did you mean by that?

A It means I coordinated with him.

Q Why doesn't it indicate on here you coordinated with anybody in the intelligence section of the NSC?

A I don't know. I discussed this with the people in the intelligence group.

Q But it is not indicated on here that they concur or were involved in anything.

A That is correct.

Q The only person whose name is mentioned was someone involved in the Central American Division of the NSC, is that correct?

A Central American Policy.

MR. OLIVER: I would like to ask the reporter to mark this as Raymond Exhibit No. 26.

(Raymond Exhibit No. 26 was marked for identification.)

BY MR. OLIVER:

Q This is a memorandum dated August 29, 1983 from Walt Raymond, Jr., to John Poindexter on the subject of Central American Outreach, and the committee identification number is N-3340 through N-33449.

Mr. Raymond, I know that the signature on that first document is barely legible but can you determine whether or not it is yours?

A No, I can't. But I am prepared to accept it as a document that I wrote.

Q In the second paragraph it indicates that Bill Casey called on August the 26th and would like to follow up on his idea to have a meeting with five or six key public-relations specialists. What was his idea?

A I think it's stated about as eloquently as I could, is in that first ticked paragraph on the next memo, if you want me to read it, essentially, I think the key in there was effort to have a more effective means of communicating our policy and generating support nationwide.

Q You discussed his idea with him, did you not?

A The memo indicates that there was a brief telephone call and that I would talk to him later. I do not recall a follow-up conversation personally. This may be faulty memory but I recall no follow up.

Q What did he say when he called you on August 26th? What did he tell you?

A Basically that he chatted with public-relations specialists and that these guys felt that what was needed was to generate a nationwide campaign.

MR. McGRATH: Do you have an independent recollection of that phone call at this time?

THE WITNESS: I do not.

MR. OLIVER: I believe, counsel, he just testified to his recollection of that phone call.

THE WITNESS: I don't have an independent recollection of the phone call. I have recounted it here in a memorandum. I presume it took place. I can't recall specific telephone calls like this.

BY MR. OLIVER:

Q Did you have a lot of phone calls from Bill Casey in those days?

A No, no, I did not.

Q Before your counsel asked you about your recollection, you were talking about your recollection of this phone call. Do you remember where you were when you received this phone call?

A Probably sitting at my desk in EOB.

Q How many times did Bill Casey call you?

A As I testified yesterday, very infrequently, possibly after my new position, possibly every three or four months or less.

Q Did you consider it a fairly important event when Bill Casey called you?

A I think any time a cabinet-level person calls that

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you should -- I would consider it something that one should listen to, certainly.

Q In the last sentence on the first page it says, "When I philosophized a bit with Bill Casey, (in an effort to get him out of the loop) he was negative about turning the ball over to State" and so on. I would like to ask you several questions bout this.

What did you mean when you said you philosophized a bit with Bill Casey?

A We are still talking about the basic generic question that somewhere between 10, 15, 20 percent the American people at that time could identify Central America on a map and less could identify anything about the political structure in the key countries.

So what was necessary, as I stated, was an effective communication system, a need to sell a new product, Central America, by generating interest across the spectrum. It was a philosophical question. How are we going to get the Central American story told and get the facts out to the American people. And that is what he was discussing. That is the philosophical part of it.

The next part, in an effort to get him out of the loop, obviously it was clear to me you don't want the Director of Central Intelligence being the lead man in any of this kind of discussion.

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Q You didn't talk about him being the lead man, you wanted to get him out of the lead. Was he the lead man prior to that?

A No. Get my syntax straightened out. No, of course not, but to get CIA out of the loop, period.

Q When you say that he was negative about turning the ball over to State, what did you mean by that? What was he negative about in turning over the ball? What ball are you talking about?

A He shared a concern that a number of other people had at that time that the traditional elements of the Department of State were neither configured nor particularly effective in the projection of American foreign policy. That was his perception and his feeling was that if it were given to some of the institutional elements of state nothing would happen. Gil Robinson, who was about ready to assume a position of a special assistant to the Secretary of State for Public Deplomacy, a man who had previously had considerable experience in public relations, in various jobs in New York, was someone who possibly could have been effective in trying to help generate a major publicity effort. I think that is what was meant by the last three lines.

Q On the next page, a memorandum from you to Bill Clark which preceded this top memorandum, you indicate that a group of public relation specialists met with Bill Casey

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a few days ago. How did you know that?

A I don't recall whether I received that information directly from Bill Casey or indirectly.

Q You saw in there, they stated, and you have that in quotation marks what needed to be done to generate a nationwide campaign. Why did you put that in quotation marks?

A I don't recall why. I think it could have been done without the quotation marks.

Q And you indicate that several elements were identified and the first, a fund raising effort under the direction of someone like Walter Winston. Was that a fund raising effort for public diplomacy relating to Central America?

A I think it is related to this whole question of getting more information out to the American people on Central America.

Q To your knowledge was Bill Greener ever involved in a fund raising effort for public diplomacy efforts related to Central America?

A To my knowledge the answer is no.

Q In the last paragraph you indicate that Faith advised Charlie Wick that she had the prospect of funding ~~for~~ from the Mellon-Sciafe foundation and she has in parentheses "Terry Slease". Do you know Terry Slease?

A No, I do not.

Q Do you know whether there was ever any funding provided for this purpose by Mellon-Scaife organization?

A I don't recall. I don't know if I ever knew.

Q When you say Slease also speaks of a 1000 dollar per plate fund-raiser, is that what Faith told you?

A Yes, I believe so.

Q In the next apragraph near the top of page 2, you indicate that, "Roy Godson and I have discussed this and that we are concerned that efforts undertaken by Faith's office tend to be confined to briefing and converting." You put, "We recommended funding via Freedom House." Who did you and Roy Godson recommend that funding to?

A I don't recall. Probably from the context of this it would be Faith, but I am not sure whether any money was ever raised.

Q Well, the paragraph indicates that you thought that her efforts tend to be confined to preaching and converting and it appears you are recommending that the funding be some other place. Did you recommend this to these public-relations experts?

A No. No, I did not.

Q You don't remember whom you recommended it to; is that correct?

A Well, I don't remember this exact paragraph but trying to reconstruct, the only recommendations that we could have made we, presumably, meaning Gus and myself, would have been to Faith that were she successful in whatever she was doing, to encourage her to pick a structure which would be broader based, more representative of a broad section of the American people.

If an effort is to be successful, you can't just be preaching to the converted.

Q You indicate in a subsequent sentence that Wick via Murdock may be able to draw down added funds for this effort.

What did you mean by that?

A I meant that there was a possibility that Charlie Wick might be able to raise funds. To the best of my knowledge, nothing ever -- that sentence never went anywhere. A, I don't believe he talked to Murdock about it. B, I don't think any funds were raised.

Q Why did you think he might be able to get funds from Murdock?

A Because I think Murdock was a gentleman who had indicated a great concern about some of the major foreign-policy issues and the belief they were not being thoroughly discussed.

Q Did he ever provide funds for any of these efforts to your knowledge?

A Not to my knowledge, but I cannot be sure. I do not know. There is previous testimony in here which talks about $400,000 of it being raised in one earlier document. It was never broken down to me as to where it came from. Possibly it came from Mr. Murdock, possibly somebody else. I don't know that.

Q You indicate that the Wagner-Baroodi firm, recommended by Cliff White, could be hired by Freedom House. Who did Cliff White recommend the Wagner-Baroodi, firm to?

A I don't know whether he recommended it to me or whether he recommended it to Faith.

Q Do you know whether or not the Wagner-Baroodi firm was ever hired by Freedom House for this purpose?

A I do not. I believe the answer is negative, but I cannot be certain.

Q In the next paragraph where you are talking about Dan James, you indicate that he believes he can get funding from Ross Perot, Clem Stone and others. Did he tell you that?

A He told me that and this, to the best of my knowledge, was a dry hole.

Q Who was Dan James?

A Dan James was --

Q Is Dan James?

A --is a journalist. He has written a book on

Mexico that I am aware of. He has written several articles on Central America, Latin America. I think he is free lance. I had never met him before. He called up for an appointment, came in and saw me.

Q Did he tell you that ~~an~~ Ann Armstrong would make calls for him to seek funds for these projects?

A Mr. James had a lot of very big ideas and I don't believe any of them were carried out, but I do not know because I did not follow-up with Mr. James.

Q You indicate in the last paragraph on this page that Les Lyncusky believes we need to create a coalition for the present danger to generate support.

Did he tell you that?

A Yes.

Q To your knowledge did the Smith Richardson Foundation provide any funds to any individuals or entities for this purpose.

A I can't be sure on that. My sense is that the Smith Richardson Foundation, not in response to anything that I may have talked to Les Lyncuski about, but my sense is the Smith Richardson Foundation has given grants in the region, in the Central American region. Their grant reports are matters of public record. I am sure you could get them. I don't know specifically which programs he may have supported.

Q Do you know any programs that they may have supported specifically?

A Not specifically, no.

Q Do you know of any organization which may have received funding from the Smith Richardson Foundation for this purpose?

A Not that I can state with any certainty.

Q In the last paragraph you indicate, "We need an organizer. I would like to lead with our silver bullet. I recommend Peter Daily be asked to put the group together."

I believe we discussed this earlier, and you indicated that you discussed this with someone and learned that Peter Daily was not available. Is that correct?

A I believe I stated that since Peter Daily had been called back to help the public diplomacy effort in the INF debate, that while still serving as U.S. Ambassador to Ireland, that we felt asking him to come back again from his post in Ireland would be too much of an inconvenience to the responsibilities he had as Ambassador.

So we did not pursue that with Mr. Daily.

Q The next memorandum that is there is a memorandum to you from Roger Chapin. Who is Roger Chapin?

A Roger Chapin is another in a long line of people that knock on the doors of NSC staff officers and chew up their time. This happens all the time, and he was what we might call in the trade a walk-in. He had a very highfalutin idea with a lot of rhetoric, but you and I don't need to spend any time on something that went absolutely no place. It is dead on arrival as we say in the military.

Q Did you pay enough attention to him to forward his memorandum to Bill Clark.

A I may have in the context of this whole package, because as you can see, I was getting -- I was listening to dialogue in various groups. I was participating in some meetings and many people were calling and there seemed to be one basic issue that most of these people were saying, and that is we have a need for a major information program, and we need to mobilize the American people in a broad bipartisan basis to understand the issues more effectively.

That is what I was basically telling Bill Clark, this was coming at me from all kinds of directions, some well-informed and not so well-informed. That seemed to me to be what bottom line was, and essentially it was his call.

Q In the last paragraph of the memo from Mr. Chapin there is a reference to you getting a coup for him to have Ted Turner's office call you for a good word about what he is doing and asked you to please try and do so. Did you do that?

A I did not do that. But if I had done that, it probably would have been a hundred members of the Senate that he would then have me make calls for. I am not trying to be glib on it. The point was my files are lined with these kinds of proposals. If I were to follow-up with -- just open this door for me, I can turn the world around, once in a while --

Q Your testimony is you didn't try to open the doors.

A I didn't try to open the door, no. It just wasn't going anywhere.

Q There is an additional attached memo from Mr. Chapin. Did it get the same general treatment as his first memo?

A Well, you know, like anything I tried to help him, direct him in a limited way, and I said that maybe he should talk to Dan McMichael, Les Lyncusky. He did, as you can see, and nothing happened.

Q Who was Dan McMichael?

A He was associated with the Mellon-Scaife Foundation in Pittsburgh.

Q Mr. Chapin referred to brainstorming and planning a meeting for Chapin with several of his counterparts. Do you know whether or not that meeting ever occurred?

A I don't recall, no. I don't think it did, but I don't recall. If so, it might have been something that Mr. McMichael was doing by himself.

MR. OLIVER: I would like to ask the reporter to mark as Raymond Exhibit No. 27 a memorandum from Walt Raymond, Jr., and Oliver North to Bud McFarlane.

(The document was marked as Walt Raymond Exhibit Number 27 for identification.)

MR. MCGRATH: I don't want to state with certainty. I know we discussed if not this one, similar memoranda.

MR. OLIVER: Counsel, I remember a similar discussion. I think this must have been another memo because I have gone through the first deposition and marked and extracted all the documents that are mentioned in there, and I don't find this particular document number mentioned in the first deposition.

MR. MCGRATH: I accept your word on that. If you might, however, it does clearly involve material that we did discuss at length in the first deposition. If you could at least direct us to the general parts of that deposition where it is discussed, it would be appreciated.

MR. OLIVER: Let's go off the record a minute.

(Discussion held off the record.)

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MR. OLIVER: Back on the record.

BY MR. OLIVER:

Q Mr. Raymond, this is a memorandum from you and Oliver North to Bud McFarlan~~d~~e that I believe we may have discussed in the earlier deposition. But in this memorandum you indicated that you and Oliver North met with Frazier. Do you recall how that meeting was initiated?

A No, I don't, as I testified.

MR. McGRATH: I would point out this question has previously been asked and answered.

MR. OLIVER: What was the answer?

MR. McGRATH: The question is page 99 of the deposition of September 3, 1987, line 2446. Could you tell how you happened to meet with Edie Frazier?

Answer: She was brought to my office by Oliver North.

MR. OLIVER: All right, then we have to answer another question.

All right, on the record.

BY MR. OLIVER:

Q Well then, since we have discussed this, I will just move on to the next exhibit and ask the reporter to mark this as Raymond Exhibit Number 28.

(The Raymond Exhibit Number 28 was marked for identification.)

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BY MR. OLIVER:

Q This is a memorandum from Walt Raymond to Bud McFarlan~~d~~E, subject, Central American strategy, dated January 18, 1985, Committee Identification number N 32476.

Do you recall writing this memorandum, Mr. Raymond?

A In a general way, yes.

Q In this memorandum you indicated that you had three ideas I guess you wanted to share with Mr. McFarlan~~d~~E, and in the first paragraph, on surrogate supporters, you indicated that you wanted to expose the Congressional leadership directly to the views of leaders in Central American countries, excluding Nicaragua.

They want to explore the possibility of bringing Congressional ~~L~~leadership together with the leaders. Did you ever bring the Congressional leadership together with these leaders?

A I think this idea was followed up on. I don't have specifics on it. I don't have specifics on this. I know that it is important, it seems to me, for not only the Administration but for the Congress, and for the American people to know what the leaders of those countries are thinking about this issue, and they may speak publicly or may only privately. This could be done by either having representatives of Congress or the Administration or the American people, the press, go to Central America or to have

Central American leaders come here.

As you know, there has been a fairly steady pattern of invitations to key leaders from these countries to come to the United States. Some have and some have not. I don't know that -- it would be too simple to say that that is the only reason why they come. There are many issues of state that cause us to have detailed conversations with these leaders, but it certainly is worthwhile hearing their views on Nicaraguan situation while they are in town.

Q Were you aware of a secret meeting that took place in Texas between Central American leaders and Members of Congress to discuss Central American policy?

A I have no first-hand information on that. I believe I heard some informal discussion of it. I was not in that loop. I was not involved in planning and preparation. I think I heard reference to it after the fact. I can't be more precise than that. I don't have any more detail.

Q Where did you hear reference to this meeting?

A In the National Security Council. I can't identify the spokesman.

Q Might it have been Oliver North?

A It could have been.

Q It is your recollection that you heard such a meeting had taken place?

A I heard it either took place, or was to take place.

I am so vague on this Mr. Oliver, I can't confirm that it actually took place. I have heard discussions of the issue at some point in time.

Q Next paragraph on overt/covert missions, you talk about supporting covert programs with overt programs. Was it your idea that a shift to seeking legislative support for humanitarian assistance would supplement the covert actions that were taking place in Central America?

A This memo described three ideas that I was suggesting to him for his own consideration. It has no more standing than that.

The idea that I had was stimulated by observing a [redacted] and my point was, that by having everybody run away from any direct support of the contras, there was no way of anybody reaching out perhaps and embracing them.

I thought one way that we could show more direct support to the contras and might be constructive way, was in the area of humanitarian assistance. So my point was, not really as a way of increasing the overall funding level or anything like that, I wasn't dealing with that, I was trying to generate a sense of greater association with, better understanding of, appreciation for the contras, and it might be possible to do with some overt support if we could do it.

Q In that paragraph you state, "I do not see any credible or legal way which paramilitary support can be given to the contras."

Would that include not having any paramilitary support given to the contras through the National Security Council?

A I was only addressing myself to the legislative situation at the time, of the Boland Amendment and so on. I was not aware of any other means of providing paramilitary support. That was my understanding of the legal situation that pertained at that time.

Q I would like to ask the reporter to mark this as Raymond Exhibit 2 9

(The Raymond Exhibit Number 29 was marked for identification.)

BY MR. OLIVER:

Q This is a memorandum dated March 15, 1985, from Robert McFarlane to Mr. Oliver North, Walter Raymond, Jr., and Donald Fortier. It is committee identification number N 40603.

Do you recall participating in drafting of this memorandum, Mr. Raymond?

A Excuse me a second, I will have to read it.

I don't recall participating in the drafting. I actually don't even recall seeing it until now, but memory can play tricks. I did not participate in the drafting to my knowledge. As you see, my signature is not on it. I have not initialed it.

Q Well, this is a copy that was acquired from Oliver North's files at the NSC not from yours, but since it has your name on it --

A It is possible I have seen it, but I did not participate in the drafting.

Q All right. Do you recall being involved in the legislative campaign and orchestration of an overall effort? Were you put in charge of meshing legislative strategy mentioned in the first paragraph?

A I played a significantly smaller role in the legislative exercise in 1985 as compared to the documents we have seen in '83. This was principally, as you can see from the points here, we are calling for some kind of organized approach. My recollection is that Pat Buchanan was very active, Don Fortier was active, and I believe the Legislative Liaison Offices of concerned elements were very active.

I attended some of these meetings and I didn't attend others.

Q On the last page of this exhibit, talking points --

regarding public diplomacy in Central America, these are talking points for McFarlan~~d~~e prepared for a conversation with Buchanan. In the third-to-last paragraph it indicates that, it suggests that the Buchanan coordinates, Reich Coordinating Group, including the following, and then it has Buchanan, Riley, Simms, Walt Raymond, Ollie North and Chris Lehman and Ed Rollins, Otto Reich, Jonathan Miller, and Jim Michael. Was there in fact such a coordinating group?

A I think, yes, there was and I think we have a document in the official record in the early September hearings that speaks about that group a bit.

Q Did you participate in that group?

A My attendance was uneven. I was there probably for one third to one half of the meetings.

Q Did the people who are mentioned in the memorandum participate in that?

A Some did. The principal concern that, the principal public-diplomacy control point at this time was Otto Reich, which was appropriate. He had a large enough staff to support any efforts that were needed.

We did have, as you can see from here, representation from the legislative offices. I believe we also had somebody from State legislat~~ors~~ive.

Q Who was that?

A I don't recall. Jim Michael of course had a lot of experience in that field. He or one of his assistants attended.

Q The only person from the legislative area I believe mentioned in here is Chris Lehman, who was the legislative person for the NSC.

A Yes sir. I think there was somebody from State.

Q Was it Ed Fox?

A It could have been. That would have been logical.

Q It also indicates in here, mentioned something about scrub sessions with you and Ollie and Otto and Buchanan. Did you have such a scrub session?

A That is very colorful language Ollie has written there. I presume Ollie is the author of this. I don't think it is Fortier. We did have a couple of sessions, or at least a session with Pat Buchanan to explain to him what the Otto Reich effort consisted of, and what type of support LPD could provide. Which I think was appropriate.

Ollie was present in this context principally as the Central American substantive point from the NSC.

Q On the first page of this memorandum there is a sentence in the last paragraph which says, "You call to make sure Max is on board for [redacted] use of former Congressman Dan Kuykendall for those who wish to contact and schedule resistance leaders.

Do you know Dan Kuykendall?

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A We discussed this last time. I have met Dan Kuykendall, yes.

Q Do you know whether or not Dan Kuykendall was the focal point for this purpose?

A I do not know. I know Dan Kuykendall's name. I know he was trying to support the Nicaraguan effort but I don't know what his responsibilities were.

Q Did you attend a meeting at Dan Kuykendall's town house with Otto Reich for the purpose of discussing legislative strategy?

MR. McGRATH: I think this question was asked and answered at the September 3rd deposition.

MR. OLIVER: I am asking it again in the context of his most recent answer.

THE WITNESS: I hope my answer is the same. My recollection is that we attended a meeting. I don't believe I knew the exact purposes of the meeting. Otto Reich and I left before the end of it.

BY MR. OLIVER:

Q Whom did you go to the meeting with?

A I don't recall the transportation.

Q Do you recall whether or not it was in the White House car and you were accompanied by Ollie North?

A Could I take time out for just one second?

(Pause)

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THE WITNESS: As far as transportation is concerned, no, I do not recall how I got there. I don't recall what kind of car I went in.

Q Did you go there with Otto Reich?

A I just frankly don't recall whether I went alone or whether anybody else was in the car.

Q Why did you leave the meeting?

MR. McGRATH: This whole line of questions has been previously examined in the September 3rd deposition and if counsel desire to go back through and reexamine that, we would like for him to identify the previous questions and previous answers as an expansion of those answers he desires.

MR. OLIVER: I don't object to doing that if you don't object to this deposition continuing beyond 1 o'clock.

MR. McGRATH: What is the question on the table?

MR. OLIVER: The question on the table is why did you leave the meeting?

MR. McGRATH: I believe the answer to that question is set forth on page 143, line 3535, of the September 3, '87 deposition of Walt Raymond in which he responded, "Yes, Otto and I both left early because --

MR. OLIVER: Because?

MR. McGrath. "Frankly, it was not appropriate for us to be there. We weren't necessarily briefed as to what the meeting was about. We did not stay for the whole thing."

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THE WITNESS: And in response to your question, Mr. Oliver, I confirm that that is my recollection of the circumstance.

BY MR. OLIVER:

Q Did you discuss leaving the meeting with Otto Reich before you left?

A I don't know whether -- I don't recall whether Otto and I discussed it before the meeting. I think we both felt that the meeting was getting into an area which was not part of our responsibilities and we felt it would be appropriate for us to leave.

Q Have you discussed this subject with Ambassador Reich during the past few months?

A No, I have not. I don't recall discussing it.

Q That meeting, according to Oliver North's calendar, took place on March 1, 1985, and he indicates on his calendar your name, Kuykendall, Abermot, Reich, Blair, Dickens, Denton, and Bouche.

Did you discuss prior that meeting, your participation, with Oliver North?

A I don't recall having discussed it with prior to it other than his inviting me to a meeting and saying we will discuss Central America. I would like you to meet and listen to them. It was a very quick sort of contact in the hall as best I recall it.

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Q And after leaving that meeting, 12 days later, on March 15, you and Oliver North and Don Fortier suggested to Bud McFarlane that Kuykendall be insured, or Kuykendall be the focal point for the contact for the resistance leaders, knowing Mr. Kuykendall was involved in the legislative effort; is that correct?

A As I say, I may have seen this memo. I don't remember the exact specification. I did not draft it. I'm not in a position to associate or not associate with the recommendation of his character. Mr. McFarlane, despite my name -- I did not have that kind of conversation with Kuykendall and I don't know Max Friedersdorf. So I can't expand on this point.

Q Other than that meeting at Dan Kuykendall's town house did you have any other subsequent meetings with Dan Kuykendall?

A I think there were two other sessions. [redacted]

Q I remember that. We don't need to go into that.

A The second session was a sort of bull session, I would characterize it, at the White House mess with six or seven people where we talked about Central America. No actions were taken. We were generally discussing the situation and it was organized not by Ollie North but by the White House liaison, Linas Kojelis, and one or two others. We are now at a stage where Faith Whittlesey has moved on. Other people are there. I don't recall any actions were tabled or any actions were taken as a result of that discussion. I'm not aware of any follow-up.

Q Who else was in that bull session besides Kuykendall and you and Linas Kojelis?

A I think there was a representative from LPD. Whether it was on the Otto Reich or whether it was Jonathan Miller, I do not recall. There were about three representatives of the Office of Public Liaison and that's about it, about six of us, possibly two members from Otto Reich's office.

Q Was there anybody from the legislative office there?

A There may have been but I don't recall.

MR. OLIVER: I would like to ask the reporter to mark this as Walt Raymond Exhibit No. 30.

(Raymond Deposition Exhibit No. 30 was marked for identification.)

BY MR. OLIVER:

Q Is that your signature, Mr. Raymond?

A I think so.

Q It indicates that Central American public-diplomacy working group, which you chaired, had discussions, considerable discussion about the need to underscore continued Presidential commitment on the Central American issue and reinforce our supporters in the aftermath of the House action on April 16. And the working group recommended two actions. One was a meeting with private-sector supporters in room 450. Did such a meeting ever take place?

A I believe so, but the difficulty here, Mr. Oliver, is that there are scheduled proposals like this that come up quite regularly and it's very difficult to know -- a lot of them are rejected. It's very difficult to know whether this one was approved or not. I think it was. I can't be absolutely certain. I have a feeling that there was also this meeting with congressional leaders but that, of course, happens quite regularly also. There is no indication on the document that I have here that Admiral Poindexter approved. It's entirely possible that such a meeting took place.

Q I would like to ask the reporter to mark this as Raymond Exhibit No. 31.

(Raymond Deposition Exhibit No. 31 was marked for identification.)

BY MR. OLIVER:

Q Moving on to this one because part of it was inadvertently attached to the previous exhibit, this is a memorandum to Walt Raymond to John Poindexter regarding the Peter Daily note dated August 29, 1986, and the exhibit identification number is N-31965. It indicated that Bill Casey had sent a brief note to him which put some caveats around the activities and then you're attaching a letter dated August 22, 1986, to John Poindexter from Bill Casey.

Did Bill Casey give this letter to you to give to John Poindexter?

A I honestly don't recall whether he gave it to me or whether it was sent to the NSC and John Poindexter sent it to me for -- it wasn't John Poindexter by my cover note here, but it went into the system and it went over to me.

Everyone knew I had been in touch with Peter Daily. I don't know how it got to me, in other words.

Q It appears from this note you are forwarding this note to Poindexter.

A Yes, but that doesn't mean that somehow the letter was hand carried to me or something. It may have come through the NSC system and the NSC secretary may have sent it down to me to prepare something for John Poindexter. So I don't physically know whether the letter was handed to me or whether the letter came through the mail or whatever. But I can deal with the substance of the issue.

Q Please do.

A Do you have the --

MR. McGRATH: Be happy to let you deal with the substance. Is there some particular area?

MR. OLIVER: I was going to ask some questions, but he indicated he could deal with the subject matter and I was going to allow him to go ahead and do it and save some time.

THE WITNESS: That means in response to everything you know.

BY MR. OLIVER:

Q I would like to know everything you know surrounding this letter and this memorandum.

A I believe that you --

MR. McGRATH: That question may be a little general. Why don't you go ahead and ask whatever question you were going to ask.

BY MR. OLIVER:

Q What was the help that you were referring to along the lines of your previous explanation via the PROFS system?

MR. McGRATH: Do you have those PROFS system notes for him to look at on that issue?

MR. OLIVER: I don't know whether we have got them or not.

MR. McGRATH: Obviously in order to help refresh his recollection of what the previous explanations were, it would be helpful to have the PROFS.

MR. OLIVER: This is a memorandum from him to Poindexter and I'm just asking him what he's referring to in this memorandum. He's already said he could address the subject matter. I don't know whether we have the PROFS notes or not. I don't recall.

THE WITNESS: I'm willing to deal with this because, frankly, there's not much mysticism here. We are back again with the same question that has occurred for three or four years, and that is whether there would be any possibility of crafting something like a meaningful, bipartisan commission for Central America like the Coalition for a Democratic Majority, like the Committee ~~for a~~ on the Present Danger, and Peter Daily, whose name, as you know, came up in some context, some previous discussion, in 1983. He was now back and finished his tenure as ambassador and was basically willing to see if there was anything he could do to help in the public-diplomacy efforts. Nothing had gone forward. There had been discussion with some people in the private sector about the need -- private people had been talking back and forth of, gee, there should be something like this. Right in the middle of this Peter ended up coming in to take certain special projects on with Bill Casey.

I do not know what they are. Mr. Casey felt that this is information that should be brought to the attention of John Poindexter so that any activities that Peter Daily might be doing in behalf of the United States in the public diplomacy field be done with the full recognition of his new assignment in CIA. That's what's behind it.

Q In the letter from Bill Casey to John Poindexter, it indicates that as a CIA employee, naturally Pete is subject to legal prohibitions on us relating to activities intending to influence U.S. public opinion or policy.

Did those same legal prohibitions pertain to you when you were a CIA employee and head of the intelligence component at the National Security Council?

MR. McGRATH: I don't mean to quibble with that, but that seems to be calling for a legal conclusion on the part of the witness. If you would like to rephrase it, what restrictions applied to you at the time --

MR. OLIVER: All right. I'll accept that rephrasing.

BY MR. OLIVER:

Q What legal prohibitions pertained to you when you were at the NSC and still a CIA employee?

A It's my understanding that detailed employees of the White House or specifically to the National Security Council, are regarded as employees of the National Security

Council and are subject to any restrictions or any caveats pertaining to National Security Council personnel, not pertaining to the organization from which they are detailed.

Q Was it not your earlier testimony that a representative of the CIA sat in on your working group on Central American ~~and~~ public diplomacy?

MR. McGRATH: Are you referring to a specific answer to a specific question? Was it not your previous testimony?

MR. OLIVER: Let me rephrase, counsel.

BY MR. OLIVER:

Q Did a representative of the CIA attend your working group meetings on Central American public diplomacy?

MR. McGRATH: I believe that question has already been asked and answered.

MR. OLIVER: I'm asking it in the context of this discussion, counsel.

THE WITNESS: The answer is yes.

BY MR. OLIVER:

Q In the last sentence in Bill Casey's letter, it says that "similarly, now that Pete has joined us, he obviously can have no role in the private fundraising effort on behalf of the Nicaraguan resistance."

He had a role in the private fundraising effort on behalf of the Nicaraguan resistance prior to joining the

CIA?

A I do not know. I cannot answer that. I don't have the basis of any personal knowledge.

Q Do you know why Bill Casey would be informing John Poindexter about the fact that he could have no role in the private fund-raising effort?

A I have no information about that.

Q Do you know whether or not John Poindexter had any role in the private fund-raising effort on behalf of the Nicaraguan resistance?

A I do not.

MR. OLIVER: I would like to have this entered as Raymond Exhibit No. 32. This is a PROF note from Walter Raymond to Oliver North dated June 7, 1986.

(Raymond Deposition Exhibit No. 32 was marked for identification.)

BY MR. OLIVER:

Q Do you remember writing this PROF note, Mr. Raymond?

A Yes.

Q When you indicate that Ann ~~Stone~~ Stone has or will have a part of the FDN account, what are you referring to?

A She simply said that she was doing some things to support the Nicaraguan resistance, no further identified. I assumed, since it's a public relations firm, she meant in terms of information in the United States, but this was a very noisy, large dinner of 250 people. It wasn't an intimate private dinner in a house and with the din of background noise, I simply said, "You know, I'm not involved in this but I'll get someone to call you," and that's what this says.

Q Did she indicate to you she wanted to get some guidance from Oliver North?

A She indicated she would like to talk to Oliver North. Well, yes. What I said here, that's what she said, but we didn't get into detail what the guidance was and I worked on the assumption that we were dealing with information but I didn't see that it was appropriate for me to discuss it. I didn't choose to get involved in that.

Q Did you think it was appropriate for her to get guidance from Oliver North on public diplomacy rather than you?

A I didn't want to become involved in a series of uncontrolled, uncoordinated, independent efforts. She wanted to talk to Oliver North. I passed the message.

Q You indicate that Chris Lehman would have brokered but he's constrained until his one-year limitation has passed. What does that mean?

A Chris Lehman was an NSC staff officer and, by various types of laws, not in a position to contact his former employer until after one year. Chris Lehman worked

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for Black, Manifort & Stone. So whether it would be logical rather than go through this sort of chance encounter with an NSC staff officer who happens to be sitting next to her at a dinner, what her point was that she would have asked one of her colleagues in her own organization to make the contact. But he couldn't do it.

Q Did Chris Lehman tell you he would have brokered it but he was constrained?

A She said that.

Q Was Chris Lehman in business with Ann Stone?

A Part of Black, Manifort & Stone. I'm not sure. That's a good point. I may have misspoke. I think that Chris Lehman is in Black, Manifort & Stone. Maybe somebody here knows.

Q Was Black, Manifort & Stone involved in any way in securing support for the democratic resistance?

A I can't go beyond this and it was not my intent at a dinner with Ann Stone, who has obviously her own agenda, to start getting into a discussion of these kinds of issues. She wanted to be put in touch with North. I sent a PROF note to North. I have no idea whether the contact ever took place.

Q My question was whether or not you knew whether Black, Manifort & Stone was involved in securing assistance for the resistance?

A I do not.

MR. OLIVER: I would like to have this entered as Raymond Exhibit No. 33.

(Raymond Deposition Exhibit No. 33 was marked for identification.)

BY MR. OLIVER:

Q This is a PROF note from Walter Raymond, subject "Otto Reich," replying to a note of July 3rd, 1986. It bears the committee identification No. N-16813. It does not indicate to whom this PROF note was addressed.

Do you recall to whom you addressed this PROF note, Mr. Raymond?

A Give me one more minute.

I don't know, Mr. Oliver. It's a rather curious format. It almost looks as if I wrote a PROF note to my secretary for her to put in some final form of a status report of activities or something like that.

Q Well, I think my experience has been a lot of these PROF notes were so minuscule that we may have blown them up in order for them to be more readable but --

A I don't know. The point is that it's a summary of some of the more recent activities and where we are going on some of these issues. What can I deal with specifically for you?

Q Do you recall writing this PROF note in November, 1986?

A More or less. It's consistent with general discussions we were having.

Q You indicate in there Kag~~a~~En's office, which was LPD, was folded under our command and control but continues to have a reporting responsibility to the IPC and SPG as part of my effort to give an interagency mandate.

You further indicate that you continue to chair weekly meetings to sustain public diplomacy effort and that DoD, CIA, USIA, and so on attend those meetings.

You go on to say, "We seek to lay out, implement broader international strategies, particularly Latin America and EUR."

What do you mean by Latin American and EUR? I assume that's Latin America and Europe.

A Right.

Q What are the broader national strategies you are implementing in this regard?

A I believe we have in the documentation, again in September, an example of the type of public action plan that was produced by Otto Reich's office and what it is is an identification of the themes and the audiences we want to reach with those themes.

The themes would identify certain key points, including the democracy process that has taken place in

El Salvador, Guatemala, Costa Rica and Honduras, including various aspects of the political and security situation in Nicaragua and an effort to try to generate greater understanding and support by some political sectors in Latin America or Europe, or conversely, to try to minimize at least some of the opposition to the President's programs on those two continents.

Q What form did your efforts in Europe take?

MR. McGRATH: Objection on the grounds of relevancy to the committee's investigation.

MR. OLIVER: The relevancy is support in Europe for the President's Central American policies.

THE WITNESS: Briefly stated --

MR. OLIVER: The subject of this memorandum is Otto Reich, who is the head of the Office of Latin American Diplomacy.

MR. McGRATH: As long as it's Europe aspects of this only.

BY MR. OLIVER:

Q My question is, what form did your activities or your international strategies in Europe take to support the President's Central American policies?

A A number of different forms. We provided detailed talking points and backgrounders to our U.S. embassies abroad so they could speak on these issues, so they could reach out to the body politic.

We encouraged the travel of PAOs to Central America so they would have a better understanding of the situation and they could meet European press. We tried to join the center-left and left in dialogue so they would have a better understanding of the views.

We made available, of course, all the publications that were produced by Otto Reich's office. There's nothing particularly unique about the various techniques that we were using to try to let information reach the right offices and, where necessary, try to have political officers in the embassies reach out to key labor and political leaders in Europe to make our case.

Q Were private organizations and individuals involved in this strategy?

A Not particularly. We did have several seminars in Latin America and in Europe sponsored in some cases by USIA funding to private organizations to cosponsor a conference in the region and then to bring a cross section of people together so the case could be heard.

One of the things we had hoped to do was have more Latins travel to Europe and more Europeans travel to Latin America so they could understand the situation better but there's always a problem of funding for that.

Q How did you seek to resolve that funding problem?

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A Weren't able to do it very successfully. There aren't very many Latins to go to Europe and vice versa. We did encourage the germane foundations where possible to bring Latin leaders to Europe.

Q Did you encourage any private-funding sources to help you with these efforts?

A I don't recall, but I think it's one of the issues that did come up from time to time as something which would be worthy of private-sector funding because there were difficulties in USIA being able to transport Europeans to Latin America and Latin Americans to Europe. Legal problem, they had to go through the United States. It was clearly an area where private-sector support would be helpful, but I don't have very many examples, if any, where this has been done.

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Q Do you have any examples of where private funding was provided for this purpose?

A No, I don't recall.

Q Do you know whether or not~~,~~ the Heritage Foundation ever provided funds for this purpose?

A Europe to Latin America, Latin America to Europe.?

Q Were your international strategies to influence European public opinion on Central American policy?

A My first responsibility was that link[illegible] between Europe and Latin America. I do not know specifically of Heritage Foundation support for activities pertinent to Central America.

Q Do you know generally? You said specifically. Do you have any knowledge?

A No, I am aware of this issue came up in the hearings but I have never heard of that before. I'm not aware of any specific case.

[redacted]

Q I would like to ask the reporter to mark this as Raymond Exhibit No. 34.

(Raymond Deposition Exhibit No. 34 was marked for identification.)

BY MR. OLIVER:

Q This is a group of documents that bear the committee identification numbers N-16798, 16799, 16000 and 16001, through 16000.

MR. McGRATH: Off the record.

MR. OLIVER: Yes.

(Discussion off the record.)

MR. OLIVER: Back on the record.

BY MR. OLIVER:

Q Mr. Raymond, in the first memorandum in this packet dated August 7, '86, from you to John Poindexter, is that your signature?

A Yes, it is.

Q In the first paragraph you put in response to your PROF note "I prepared a memorandum for you to send to Bill Casey."

Do you recall what his PROF note asked you to do?

A My recollection of it is that he had, Bill Casey had contacted John Poindexter, and expressed his concern again with the Cabinet that the information program of the United States was inadequate and that we needed to have a more energetic effort.

He also recommended that Peter Daily might be a good person to contact to help on this.

Q And did you prepare the attached memorandum for

Bill Casey?

A Well, Mr. Poindexter -- I don't have the PROF note, but I think his feeling was that Casey doesn't know, Casey doesn't know what is going on, and it might be useful to give him a status report, prepare something for him.

As you can see from the fourth line of this cover note of my note to Mr. Poindexter, there is some -- some question of revising the structure and so on. I essentially was saying that we have a structure in place. We are out there working, and that is what this memorandum to Casey summarizes.

Q How deeply involved in public diplomacy was Mr. Casey during this period of time?

A He was not.

Q Why are you sending a detailed memorandum talking about what you're doing, public diplomacy and having the entire public-diplomacy plan?

A Well, one, as a Cabinet level official, he was very concerned about the implementation of our Central American policy. I think that when the question came up in the discussion between Mr. Poindexter and Mr. Casey, at which I was not present, Mr. Poindexter felt it might be useful for Mr. Casey as a Cabinet official to know what was going on.

To the best of my recollection, I did not discuss any of this directly with Mr. Casey.

Q You indicate in the third sentence of the first paragraph on the memorandum to Casey that --

A To Casey?

Q To Casey. You refer to the painstaking effort undertaken by many people in the government and outside. Who were the outside people you were referring to?

A I can't identify them. There were a lot of people in the private sector who were concerned with this issue. Jeane Kirkpatrick was a person in the private sector at that time. There were many others who spoke out and expressed their concerns about the developments in Central America.

Q In the second paragraph you indicate that LPD reports directly to the NSC. Is that correct? They did report directly to the NSC?

A This is not good construction.

Q It's your construction.

A It's my construction. The LPD, as is clear from the appointment memorandum, works within the ARA structure and within the Department of State but still maintains that link back for reporting purposes to the SPG, and the sentence, this is a sentence which I know caused Congressman Fascell some concern in the testimony. It's confusing. I think we did talk about this as my memory serves. We talked about this in early September. The group reported to the SPG.

Q In the bottom paragraph on that page, of this memorandum to Bill Casey, you indicate that a representative of the CIA Central American task-force participates in these weekly Central American public-diplomacy meetings which you chair.

Did Mr. Casey ever express any concern to you about the CIA representatives participating in this public-diplomacy effort? I asked that question in light of the letter to John Poindexter from Bill Casey where he points out his concerns about the legal prohibition.

A No, he didn't, but it's important to recognize what the CIA's Central American task-force representative was doing. Since there was a covert program, it was important not to get the public-diplomacy process involved in any way which would compromise it, so in effect they were there to ensure that we did not mingle.

The second point is that they were in a position to provide us from time to time useful information, intelligence. They were monitoring what was being done publicly and openly. They in effect also served as insurance to prevent mingling covert and overt. We were very, very concerned to see to it that we did not get those lines tangled. We felt there was a major program out there we had to at least have them be aware of what we were doing as protection.

Q Well, you indicate on the second page that you want Peter Daily to meet with that group periodically. And Mr. Casey indicated that he couldn't do that because he was a CIA employee. Yet this memorandum indicates that he was informed that a CIA employee was also participating in the group. I'm trying to determine why legal prohibitions would apply to Peter Daily but not to someone from the CIA Central American task force.

A My question here is really, Mr. Casey says that Pete is subject to the legal prohibitions on us relating to activities tended to influence U.S. public opinion or policy. Any advisory role he plays in the public-diplomacy front must, of course, be in accordance with legal restrictions. At no time did anyone from the Central American task force participate, ever, speaking to the question of influencing U.S. public-opinion policy. Their role was totally passive in that area.

Q Isn't it true, Mr. Raymond, that Oliver North interacted in this group with the CIA representative in order to get documents declassified for use in the public-diplomacy program?

A He interacted occasionally as I testifed, not regularly.

Q Did you also testify that the CIA representative facilitated declassification of information gathered by intelligence sources and methods to be used by the public-diplomacy group?

A If we asked them to, if they could declassify a specific document, they would take that request back and see if they could. They were not coming down to us and volunteering a lot of documents to be declassified for the American people; they were, we might on occasion, it was very rare, we might on occasion raise a question, and material would then be produced by the Department of State and the LPD series.

Q But the fact is, they did declassify intelligence documents for the use of the public-diplomacy group, is that not true?

A CIA has declassified documents forever, since their creation, on occasion for information, documents to be distributed, to be circulated, to be made available to the American people if requested by the Department of State or some other body.

Q Did the representative of the CIA who participated in your Central American public-diplomacy group ever facilitate the declassification of documents containing information gathered through intelligence sources and methods for use of any of the participants in the Central American working group on public diplomacy which you chaired?

A I imagine they may have once or twice facilitated in response to a request from another official in the working group. They would never initiate the action nor could they. That was not their responsibility. If we saw them, intelligence, we might have seen it any time, brought it to attention of group and said, "This is an important document. Is it possible to declassify?" Then it would be appropriate for a CIA official, whether he is in that group or whether he is back in Langley, it doesn't make too much difference, to respond.

Q The subsequent document in this exhibit indicates that public-diplomacy plan submitted by the Department of State was approved by the NSC staff. Why was the public-diplomacy plan of the Department of State submitted to the NSC staff for approval?

A Well, again, this should have been written differently. I wrote it. It should read the SPG, but it is in that context that it was approved. However, it is not a unique occasion for one part of the government or another to submit a paper which has responsibilities for several departments to NSC for approval.

Q But in this case, the State Department submitted a public-diplomacy plan?

A To the NSC.

Q To the NSC, for explaining U.S. Central American policy in Europe and Latin America to the NSC?

A Correct.

Q It indicates that part of the plan focuses on explaining same policies to international political organizations such as, et cetera, et cetera, Christian Democrats. Were those part of the plan carried out?

A What page are you on?

Q I'm on 16806, the memorandum to John Poindexter from Mr. Blatt.

A Okay. I see, yes. Efforts were made, the success of which is in the eye of the beholder.

Q Were any of those efforts made through private groups?

A I am not certain. I know that -- not directly. No, I know there is a relationship between the Republican International Institute and IDU, but no one in the White House, no one in the administration was leaning on Republicans to press the Centarl American policy with the IDU. I think the Republican International Institute believes strongly about Central America, and has spoken out about the concern for civil and human rights in Nicaragua, and the Sandinistas interrelationship, I think they have raised this in the IDU context. But a number of broader sense number of officials have been in direct touch with several of these international --

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Q Were you the liaison between the National Security Council and Republican National Committee for this purpose?

A There was no purpose. In other words, nobody was dealing with the Republican International Institute on this issue.

Q Was there a time when you requested clearance from your liaison Republican National Committee because of an internal memorandum directing the staff of NSC not to be involved in the political --

A My recollection was that there was a memo dealing with the RNC. There was a response which indicated that in my responsibilities in the White House, that I had an ongoing contact with the Republican International Institute and was in touch with the chairman of the Republican National Committee.

Q In effect it was approval for that liaison, isn't that correct?

A I would think so, yes.

Q I would like to ask the reporter to mark this as Raymond Exhibit No. 35.

(Raymond Deposition Exhibit No. 35 was marked for identification.)

BY MR. OLIVER:

Q This is a PROF note from Walter Raymond to John Poindexter dated 7-31 --

MR. OLMSTED: I believe that it's dated up in the right hand.

BY MR. OLIVER:

Q '86, I think that is 8-26, which would be August 26, 1986. The subject is Central American public diplomacy.

I would like to ask you to examine that PROF note, if you can, and tell me whether or not you recall sending this PROF note to Admiral Poindexter.

Do you remember writing this PROF note, Mr. Raymond?

A Yes, I do.

Q You put in there, "We believe we are operating within a really narrow window which turn around American perceptions, Reich Central America. Particularly the Nicaraguans will be chewed up by the Congress."

What was that narrow window you refer to in that PROF note?

A I can't match up the legislative track record with the actions here, but I think what I must have been referring to was the fact that we have to demonstrate what we are supporting is worth demonstrating, is worth supporting and this means to present, as described in here, the image of the contras, image of Nicaraguan resistance, to broaden their political base, to make them the kind of people the American people are prepared to support.

Q You indicate that you discussed the need to glue

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white hats on our team, et cetera. What are you referring to?

A Just what I said. In other words, the Nicaraguan democratic resistance has got to be honestly converted into a structure which supports the goals and objectives that American people can support, and I think a lot of the reorganization taking place in the last few months broadening the directorate and refocusing can have the goals and objectives have done that.

Q Who are you going to glue black hats on?

A Do I have black hats in here?

Q I think you had in the previous memo.

A The white hats are clearly the people that we were supporting, namely Nicaraguan resistance. Black hats I don't see in here, presumably unless something is changing in Managua, their hats are still really black.

Q You go on to say that the themes are those we have pressed, although we believe we could change dialogue away from contras to Democrats.

A Emphasizing the need for free and open, et cetera, nothing really new here -- which democrats are you referring to?

Q Were you referring to resistance?

A Yes, sir, sure, Nicaraguans.

Q And the key difference that he thinks --

MR. McGRATH: I wanted that to be on the record for your own benefit; since this was being entered as an exhibit, I didn't want someone to misconstrue your purpose here.

THE WITNESS: Lower cased.

BY MR. OLIVER:

Q The key difference that he thinks we should run more like political Presidential campaign. Did you agree with that?

A Well, I passed it on. I thought it was worth further discussion and that is one of the reasons why we, I was proposing, or that after Labor Day in the last paragraph we ought to talk further about it. I don't know how realistic something like that would be. The issue obviously anybody looking at four days' worth of testimony would know that I have constantly stated for years that there was need to get a broad bipartisan support out there among the American people on this issue, and frankly this is just a repeat of a theme all over again.

Q You indicate that names like Rollins, Nof~~s~~ziger, and something else, were thrown around, and ~~K~~Copp I guess.

A And ~~K~~Copp.

Q Were thrown around. Were Rollins and Nof~~s~~ziger ever tapped to support this effort?

A Not to my knowledge.

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Q Were they ever involved in any way?

A Not to my knowledge.

Q In the next sentence you said, "Later in talking to Ollie and Bob Kagen, we focused on what is missing and that is a well-funded, independent outside group -- remember the committee for the present danger -- that could mobilize people." You go on to talk about a 501-C-3 tax exempt structure was needed; you seemed to agree with that.

Did you or what efforts did you make to try to bring about the creation of a well-funded, independent outside group?

A I didn't. The issue was there and basically I stated we need a horse, and the horse by definition means someone outside who is committed, as Paul Nitze was on Committee for the Present Danger, who is committed to the cause. It is not a question of whether you should be running the government; it is a question of whether the private sector should be ~~ceased,~~ seized. nothing, I might say, has proceeded on past this discussion partially because Peter Dail~~e~~y clearly could not remain involved, and did not.

Q You indicate in there that for discreet political reasons, this discussion of this 501-C-3 well-funded ~~the~~ outside group was not included in a memorandum to Bill Casey.

What were the discreet political reasons why this wasn't included?

A I didn't think it was a subject that should be discussed with him.

Q But you thought all the other matters?

A Those were community taskings and interagency processes that were underway, involving State Department, Defense, NSC, USIA, and we felt that he had the right to status report on this subject.

Q What was wrong with giving him status report on what the outside groups were doing?

A This was value judgment on my part, that was my attitude in that note, I could have been overruled by someone, but that is what my view was.

Q Those were the discreet political reasons?

A I just didn't think it was appropriate.

Q Several other of your memorandum refer to Bill Casey, in your conversation with Bill Casey about outside public-relations specialists private funding, what had changed that caused you not to mention it in this memorandum?

A I can only state that what was in my mind; I didn't think it was appropirate.

Q You recommended in there that after Labor Day, whenever, back in the city, and that a meetings take place, with Peter Dailey, et cetera, Elliott Abrams, Bob Kagen, and you, what was -- did that meeting ever take place?

A I -- no, it did not..

Q You were recommending that this meeting be set up with private people and these government officials that are mentioned here, Abrams and North and you; is that correct?

A Right.

Q You thought it would be appropriate to have this discussion with these private people about this subject?

A That is correct.

Q Was the purpose going to be to encourage the establishment of this well-funded independent outside 501-C-3 group?

A To consider whether there was sufficient outside private interest, and whether there were people concerned about this issue that were prepared to take a leadership role, as a matter of fact, nothing has happened on this. At least as far as I am personally concerned, I can only speak to my time in the NSC.

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Q I would like to go back for a moment to the previous exhibit, which is the memo from you to John Poindexter on August 7, 1986. On the last sentence in the memo on that page, you proposed to have Peter Daily coordinate private-sector activities such as funding that currently cannot be done by either CIA or State.

Who were you proposing have Daily do that?

A First of all, we are discussing actually aspects of this PROF note. We are talking if there were to be or were not to be -- if I am reconstructing this correctly -- I think we are talking about something equivalent to an independent outside group of some fashion. My counsel points out the sequence of events, the timing is wrong. That is true. But we had discussed this previously with Peter and the whole thing begins to change when he is not in a position to personally play an active, outside role.

Q But if he wasn't, who was going to have him do this?

A I don't know.

Q You said I would propose to have him meet.

A This is all sort of shades of Chapin. This is all in conjectural stage. There was a desire to have an outside group. There were some very preliminary conversations. Essentially, the discussion began to fall apart when we found out that Peter Daily was no longer available for that kind of consideration.

Q Were you proposing that John Poindexter have him meet with this group?

A I think the point I am trying to make is the issue was not thought through in a detail. You are getting the first fragments of an idea that was under discussion. Peter Daily was a very fine public diplomist. We could use his expertise and guidance and counsel that would be very good. He felt, as I think is shown in one of these documents, it would be useful to have some sort of a bipartisan group.

But before the bipartisan group could ever be created, a number of events intervened, not the least of which was Peter Daily's new job.

Q When you refer to coordinating private-sector activities such as funding that currently cannot be done by either CIA or State, what private-sector activities are you talking about?

A I am not referring to anything concerning funding of the contras. I was referring to some kinds of--

Q I am sorry. Would you --

A Not referring to funding of the contras. I was talking about information activities in a general sense.

Q Why couldn't they be funded by CIA or State?

A In the United States?

Q Well, you had -- State was already contracting IBC to put out these documents.

A Well, I think that is different than a public-support group.

Q When you said in the United States, did you think there was a problem there?

A I think there was an information gap in the United States.

Q You didn't think there was something wrong with them coordinating private-sector activities, funding public diplomacy in the United States?

A Who is them?

Q The private-sector activities that are being carried out by people.

A I am having a very difficult time proving a negative. There isn't any activity here. I don't think what I am referring to here there is anything wrong with it.

Q I am just trying to determine what funding were you referring to that could not be done by CIA or State.

A I believe what I am referring to here is the-- if we were going to have something like a bipartisan group interested or concerned with Central America, this could not be done by the CIA or State.

Q So you wanted him to coordinate funding for private-sector activities which couldn't be done by State. What would those be?

A Well, if you got -- first of all, we are in a very theoretical mode of a group that doesn't exist, and if it did exist, what are some of the things it might do. I can't speak to what it might do, because it doesn't exist. But nevertheless I will proceed on.

Q The proposal existed.

A The proposal that we see throughout the [redacted] discourse was some way to get a higher degree of activity, informational activity in the United States. As we have seen other proposals, it would be useful to have some people who are information specialists find ways to get the story more to the American people.

One type of thing might be to provide recourse for travel expenses for Central American citizens to come to the United States so that they could articulate their views. Another might be the publication of certain types of materials.

Q The CIA couldn't bring figures from Central America to the United States?

MR. OLMSTED: To the extent that requires his legal conclusion, he can state what he understands.

MR. OLIVER: Let me rephrase, counsel.

Q Are you aware of CIA ever bringing Central American figures to the United States who were utilized for public diplomatic activities?

A I am not aware, but I am not making a statement that it never happened because I don't know the details on that.

Q Do you know whether it ever happened?

A I don't know.

Q You have on this memo to Poindexter the concurrence of Ollie North, Ray Burkhart and Vince ~~Canestaro~~ Cannistraro. [redacted]

A Which -- I am sorry. Okay. You are asking about these three gentlemen here?

Q Yes.

A ~~Canestaro.~~ Cannistraro.

Q He was in the Intelligence directorate?

A Correct.

Q Why did you seek his concurrence to send a memo to Bill Casey and to concur in the recommendations or the proposal about having Peter Daily do the things that you outlined in here?

A He was concurring in the fact that there was a memo going to Bill Casey and it was appropriate, although

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sometimes these niceties were not always observed, it was appropriate to coordinate with the intelligence group. If not, it was going to Bill Casey.

Q Do you recall your deputy, Steve Steiner, accompanying Ollie North to a meeting in the Washington Hotel with Joe Godson?

A I did not recall that. I recall Steve Steiner meeting Joe Godson at one point. I do not recall Ollie North. I don't know that. Might be.

Q Do you know whether Ollie North met with Joe Godson?

A No, I do not know.

Q What was the purpose of Steve Steiner meeting with Joe Godson?

A Joe Godson was interested and concerned about American image in Europe, particularly the infrastructure of our allies. In other words, the communications, the dialogue among our allies on the one hand and the United States, which he felt had been strained by the INF debate.

Q Did it relate in any way to Central America?

A To the best of my knowledge, no.

Q Was Joe Godson involved in any way in the efforts to influence public opinion in Europe on behalf of the President's policies in Central America?

A I do not believe that he was involved in that

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aspect of it. I think he was involved only in terms of the U.S.- European debate.

Q But the U.S.-European debate also included support for the President's policies in Central America, didn't it?

A His principal focus was on security issues.

Q But it also included Central America?

A It could have. I don't know that for a fact.

Q There are a number of meetings on Oliver North's calendar with you and a number of them refer to meetings with you and other people. I would like to ask you about what the purpose of some of those meetings was. We have already discussed the meeting at Dan Kuykendall's town house. We discussed the meeting with Citizens for America that took place in the Situation Room.

There are several meetings with Buchanan, Elliott, Riley, Miller and Leyman. I assume that is the group we referred to earlier. Is that correct?

A What time frame?

Q Well, March 19, 1985, March 22, 1985 and March 26, 1985.

A Yes. I think that is all related to the -- I can't, in this type of abstract exchange, I cannot assure that any of those meetings took place, even that are on the calendar. Ollie is better at calendar scribbling. Nor can

I assure if it did take place he was present. But you are right. Those are some of the people that would have been involved in that discussion at that time.

Q On March 26, 1985 on his calendar it has a meeting with you, Buchanan, Riley, Elliott. I assume that is Ben Elliott, Miller -- I assume that is Jonathan Miller --Lehman, Bouchet, Coldwell and Sims.

Did Lynn Bouchet attend any of those meetings for that group?

A I don't think so. I can't swear to it. I don't think so. If we were meeting in the context of the documentation that we have read before, we were talking about in-house and I don't believe he was present. I wouldn't swear to it, but I don't believe he was.

Q Was the reference in there to Ben Elliott or Elliott Abrams in the context of that group?

MR. MCGRATH: Is there any reason to believe Mr. Raymond would have knowledge about what Mr. North's intentions were on the notations in his calendar?

MR. OLIVER: My question was whether or not the Elliott that was in the group was Elliott Abrams or Ben Elliott. This is a group that we discussed earlier.

MR. MCGRATH: The question was whether the reference was to Ben Elliott or Elliott Abrams.

BY MR. OLIVER:

Q Did Ben Elliott or Elliott Abrams participate in the group we have discussed earlier that included Pat Buchanan, Bob Riley, Jonathan Miller, Cris Lehman and yourself and sometimes Ollie North?

A Well, my recollection is that it is probably Ben Elliott. My recollection also is that these meetings did not take place as frequently as Ollie's calendar shows and that the make-up of the meetings ultimately were significantly different than so characterized on the card.

Q Did Elliott Abrams ever participate in any of those meetings?

A I don't believe he personally came. I believe we saw Jim Michael or somebody from his office came.

Q Did Ben Elliott attend some of those meetings?

A He attended at least once.

Q Do you know someone named Ambassador Borg?

A Parker Borg. As a matter of fact I never met him. I have talked to him on the phone a few times.

Q Was there a meeting set up with you and Ollie North and Ambassador Borg on June 2nd, 1986?

A Well, I may have met him once on that basis. Somewhere along the line I think -- I frankly don't recall. I think once. All right. I will accept the correction by saying there was a meeting.

Q What would have been the purpose of the meeting, had it occurred?

A The purpose of the meeting, had it occurred, was to explore the possibility of following on from the Vice President's counterterrorism study which recommended that heightened public diplomacy effort be undertaken to see how we could put together a public diplomacy action plan to support the Government's counterterrorism effort and Parker Borg was the deputy head of the counterterrorism office, and Ollie North at that time was the head of the NSC Office.

Q Thank you.

You indicated that Michael Castine ~~[illegible]~~ worked for you in the public diplomacy effort; is that correct?

A Briefly.

Q Were you ever aware of any relationship between Mr. Castine ~~[illegible]~~ and a French citizen named Suhahn?

A After he died.

Q What did you learn about that?

A I simply knew they were good friends.

MR. MCGRATH: Could the record indicate the presence of Nick Wise.

MR. WISE: W-I-S-E, Associate Staff of the House Select Committee.

BY MR. OLIVER:

Q What did you learn about Mr. Suhahn and Mr. Castine's ~~Kastin's~~ relationship with him?

A I learned nothing other than the fact they were good friends and that they had met when they had both been in Grenada at the time a private,sector investment group went down there in probably very early 1984.

Q Is this the same Mr. Suhahn who was assassinated in Paris?

A The son was assassinated. The son is the friend. There is a father also who is quite famous and obviously he is still alive. I think Mike Castine's ~~Kastin's~~ friendship was with the son. I have not gotten involved in any detailed discussion with him. Because of the timely --untimely death there has been significant investigation. He is testified in various fora, and I have felt that it was not appropriate for me to seek to debrief him in detail.

(Recess.)

MR. OLIVER: I would like to ask the reporter to mark this as Walt Raymond Exhibit 36.

(The document was marked as Walt Raymond Exhibit 36 for identification.)

BY MR. OLIVER:

Q This is a document dated November 25, 1983 bearing Committee I.D. Number N-37932 for Sharon Cooksie from

Paul Thompson, subject, "Contact with the Republican National Committee." Mr. Raymond, does this memo relate to our earlier discussion about whether or not it would be appropriate for you to have this contact with the Republic an National Committee?

A Yes, it does.

Q Was it ultimately decided that it was all right for you to continue to have this liaison?

A Yes, it was.

MR. OLIVER: Mr. Raymond, I have no further questions. I apologize for the length of this deposition, and I appreciate your cooperation and your patience. Thank you very much.

MR. BUCK: Mr. Raymond, I have just a few questions for you. Actually I have a few hours of questions. I would like to ask you about human rights abuses by the Sandinistas and Soviet active measures in the United States, which I am sure you could talk about for a long time. But maybe we will do that another time.

I think the questions I have for you concern the period of time from which you started at the NSC to the time at which you resigned from the CIA, in that time frame. I don't have the dates in my mind, but that is the time frame.

The question is during that time frame did you ever--

were you ever tasked by Bill Casey for anything?

THE WITNESS: No.

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. BUCK:

Q Were you ever tasked by Clair George for anything?

A No, I was not.

C/CATF

Q Were you ever tasked by [redacted] for anything?

A No, I was not.

Q Dewey Clarridge, same question.

A No.

Q Did you ever ask anybody at the CIA for a special favor in any way during that time period?

A Not that I can recall.

Q Is it fair to say that your relationship with the CIA during that time was non-existent? If you want, I will rephrase that question.

A Please rephrase that, question.

Q Is it fair to say that you did not have any day-to-day activities, nor were you tasked by the CIA during the time you were working at the NSC before you resigned from the CIA?

A I was not tasked by the CIA. I had ongoing contact with all of the Intelligence community agencies, and that was a give and take. I mean there were things that from time to time they would ask NSC as an institution, but there was nothing that was specifically Walt Raymond. It was an institutional relationship.

MR. BUCK: I have no further questions.

MR. MCGRATH: I would like to note for the record the same conditions we set forth yesterday concerning the sensitivity and limited access of this deposition.

MR. OLIVER: It is our intention to have this deposition kept in the most secure conditions in the Select Committee with limited access and to have it declassified only by the normal procedures, which I believe are clearances with the White House and a vote of the committee.

MR. BUCK: I understand there was a representation made also about only a single copy.

MR. OLIVER: A single copy would be all right with me, but I don't know what the committee's procedures are related to the Senate; whether or not we are obligated to provide them with a copy.

Tom, if it is all right, I would like to stipulate that we will just have a single copy of this made by the reporters and kept in the secure storage area with limited access to be determined by the chairman.

MR. BUCK: The chairman can decide.

(Discussion held off the record.)

MR. OLIVER: Back on the record. We will seek to have one copy only made of this deposition, and to have it held under the most limited access conditions at the committee and subject to declassification by the normal procedures, which have been agreed upon by the White House and the committee.

MR. MCGRATH: Thank you very much.

(Whereupon, at 1:30, the deposition was concluded.)

end bap

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THE WHITE HOUSE N 16849

WASHINGTON

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August 13, 1986

Bill

MEMORANDUM FOR THE HONORABLE ~~WILLIAM~~ J. CASEY
The Director of Central Intelligence

SUBJECT: Central American Public Diplomacy (U)

I have looked into the question of our overall public diplomacy effort concerning Central America. A great deal of hard and effective work is being done. It is clear we would not have won the House vote without the painstaking deliberative effort undertaken by many people in the government and outside. (S)

The departure of Otto Reich has not resulted in any reduction of effort. His public diplomacy coordination office (LPD) has continued. Although the independent office was folded into Elliott Abrams' bureau, the White House has sent a clear tasker to the community that this limited reorganization in no way reflected a diminution of activities. On the contrary, the same interagency responsibilities are being exercised, and the group reports directly to the NSC. It continues to be one of the few offices in the government that is staffed by a truly interagency team, including representatives from State, USIA, AID, and Defense. The office chief is Bob Kagan, who is a young, bright and effective operator. In reality, the reorganization also means that Elliott Abrams plays a strong public diplomacy role, and in this way we have harnessed one of the best public diplomacy assets that we have in the government. (S)

There is a weekly Central American public diplomacy meeting which takes place in the Old EOB, chaired by Walt Raymond, and which includes not only the four organizations noted above but also the White House Press Office and Public Liaison Office, a representative from CIA's Central American Task Force, and key NSC Staffers. This group takes its policy guidance from the Central American RIG and pursues an energetic political and informational agenda. The group seeks to focus both on domestic public issues as well as the informational battle in Europe and Latin America. It generates requirements for major publication efforts. I will have the NSC Staff send you a package of some of the more recent publications. The group also works closely with the concerned legislative offices to be supportive in terms of the Congres-

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sional [illegible] and in a practical way it deals with a number of on-going daily issues. As an example, issues the group dealt with last week included:

-- Steps to undertake EC support to Nicaragua; N 16850

[redacted]

-- Development of programs to publicize [redacted] in Nicaragua;

-- Support to the internal Nicaraguan opposition, including [redacted]

-- Steps to strengthen the El Salvador public diplomacy effort. (S)

There is a comprehensive public diplomacy action plan for Latin America in Europe, and I am attaching a copy for you. This plan is monitored very actively by the LPD office, and periodic reports of activity are provided to the NSC. (S)

While this group ensures that the issue remains a high priority public diplomacy goal, I share your view that this program can certainly benefit by the professional skill and insight of Peter Dailey, and I am delighted that he is in Washington and available to provide time to help this effort. Peter met with the Thursday morning interagency group on August 7. It provided him an opportunity to hear first hand from the action officers and be briefed on their current programs. The exchange was useful, and Peter has committed himself to meet periodically with this group to help strengthen their effort. Bob Kagan, the interagency coordinator, will seek Dailey's counsel on a regular basis and will bring Elliott Abrams into this process. (S)

Peter underscored that the Nicaraguan issue remains a matter of great urgency and that the next year is critical. We must show progress both in Central America, but also in the eyes of the world community, if we are to sustain and support the democratic forces in Nicaragua. It will be necessary to "frontload" our public diplomacy on this subject so that we can strengthen our international support and change attitudes concerning this program. Certain themes that he recommended at the first meeting will be given serious consideration by the working group. One special area of importance concerns generating private sector support and funding. His assistance in this area would be of greatest importance. (S)

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In summary, the public diplomacy community is hard at work and, I think properly focussed. Peter Dailey's input can be very valuable in energizing this effort, and we certainly intend to take advantage of his presence to strengthen and diversify the thrust of this program. (S)

John N 16851

John M. Poindexter

Attachments

Tab A Public Diplomacy Planning

cc:
Shultz
Weinberger

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21 Jul 83

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N 46168

MEMORANDUM

NATIONAL SECURITY COUNCIL

HAS SEEN

SECRET July 21, 1983

MEMORANDUM FOR ROBERT C. MCFARLANE

FROM: WALTER RAYMOND, JR.

SUBJECT: Central America Covert Action

I have taken several soundings following the closed House session. As you have probably heard, it was a relatively balanced meeting, a number of good points were made by our supporters and the opposition did not score any telling points. Reportedly, Robinson, Young, Whitehurst, Hyde, Montgomery, Stratton, MicKa and Fascell all made helpful comments. Zablocki made a vague statement, indicating that Z/B was not perfect and we might amend it. Wright was not present. Attendance dropped off rapidly after the first hour or two and the House was relatively empty for the last two hours of debate. According to one report, Broomfield does not expect any movement. He thinks Zablocki is locked in but we might still try Wright. Zablocki reportedly thinks his bill will be defeated. I have no independent way of making a count.

I would like to offer the following ideas for your consideration:

-- That you (or Jim Baker, Ken Duberstein) hold a LSG meeting to identify any steps that should be taken before floor debate next week.

-- That you or others meet privately with Jim Wright to see whether there is a basis for compromise in the aftermath of the closed session.

-- That we consider the addition of one thought in our proposed compromise. (See attached discussion draft June 30, 1983.) Following on the Ortega statement and playing to what will be a Democratic desire for negotiations we might be able to accept language along the following lines:

> "That it is the sense of Congress that the President take advantage of all opportunities for negotiation."

In terms of our discussion draft I doubt that we need to include any of the language on the commission since this is already in motion. Other textual adjustments that we discussed before are attached to this note.

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It is my understanding that any amendments will have to be tabled by tomorrow the latest according to House rules for floor action on this subject. Therefore if we are going to try to work something out with Jim Wright it will have to be done today or tomorrow unless the proposed date for floor debate is delayed.

NB: Following is possible language which can be used to deal with one of our concerns to be added as subsection (c):

> (c) The prohibition contained in Subsection (a) shall be suspended in the event the President determines that the Government of National Reconstruction of Nicaragua has materially breached either of the agreements set forth in Subsection (b). Such suspension shall continue until the President determines that the breach has been corrected and that the Government of National Reconstruction of Nicaragua is again in full compliance with the agreements.

Coordinated with Al Sapia-Bosch

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MEMORANDUM

NATIONAL SECURITY COUNCIL

SECRET

July 8, 1983

N 46170

ACTION

MEMORANDUM FOR WILLIAM P. CLARK

WR

FROM: WALTER RAYMOND, JR.

SUBJECT: Central American Covert Action

Attached herewith is a decision memorandum for the President. There is a disagreement within the community concerning the appropriate next step in our Congressional strategy dealing with Central American covert action. I have sought to highlight the options with some background discussion of the key points. What it boils down to is do we accept a compromise which Bud, Chris Lehman and I believe may be the best language we can get or do we try to stonewall the whole thing. We might have the votes to defeat Zablocki-Boland but I doubt it. I doubt that we have the votes to defeat a renewal of Boland's December 1982 amendment. I think we should work for a compromise and try to get bipartisan support for this action. The key points if we were to arrive at a compromise would be House support for our program as long as it is not for the overthrow of the Sandinistas and until the Sandinistas stop intervening in neighboring countries. That is not a bad position to be in at this juncture. Furthermore a number of key members of Congress have negotiated in good faith with us and if we were now to back off and go for a full defeat of Zablocki-Boland there would be, in my view, negative political reactions. While I am sympathetic to the CIA and Defense concern about a renewal of the December 1982 Boland Amendment, it is my understanding from Bud that Jim Wright will not back off this point. We have lived with it to date and have built our Contra force up [redacted] It becomes a problem only if our basic policy toward Nicaragua changes.

Recommendation:

That you forward the attached to the President.

Agree__________ Disagree__________

Attachment

Tab I Memorandum to the President

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MEMORANDUM

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THE WHITE HOUSE

WASHINGTON

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ACTION

N 46172

MEMORANDUM FOR THE PRESIDENT

FROM: WILLIAM P. CLARK

SUBJECT: Central America Covert Action

Issue

Should we approve a Congressional compromise on Zablocki-Boland which will permit us to continue our paramilitary covert action program in Central America while simultaneously continuing certain limitations on our activity.

Facts

The House passed (411-0) and the Senate concurred in a "Boland Amendment" in December 1982 which barred funding in FY 83 designed to over throw the Government of Nicaragua or provoke a military exchange between Nicaragua and Honduras. In April 1983 the House Permanent Select Committee on Intelligence developed a bill--HR 2760 (Zablocki-Boland)--which prohibits covert assistance for military operations in Nicaragua and authorizes overt interdiction assistance. This bill is due for discussion in a closed session of the House on/about July 19.

Discussion

HR 2760 is a fundamentally flawed piece of legislation. This is recognized by members from both sides of the aisle. We have held protracted discussions within the Administration and with selected Republicans and Democratic House members with the objective of seeking an acceptable middle ground. We have also benefitted by the passage of time which has permitted House members to become more aware of the key issues involved. At this juncture several alternative routes are developing:

-- We can try to defeat HR 2760 outright. Our best vote count is that HR 2760 will pass but it will be a hard and divisive fight. If HR 2760 passes it automatically includes restrictions which were in the December 1982 Boland amendment.

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-- We can try to orchestrate a compromise to HR 2760. Tab A includes a compromise developed with Jim Wright, Clem Zablocki, Dante Fascell, Bob Michel, Ken Robinson, Bill Young and others. It is based on a symmetry proposal originally suggested by Jim Wright and Bill Young which essentially calls for a cessation of our operations in Nicaragua upon entry into force of an agreement between Nicaragua and its neighbors providing for a verified cessation of Nicaraguan support to insurgents in Central American countries. It also includes language committing Nicaragua to negotiations and the acceptance of democratic principles, including free elections. Wright has insisted on the inclusion of the language of the original Boland amendment barring a US effort to overthrow the Sandinistas.

-- We could try to delay action further in the House and seek to develop a new Presidential Finding as requested by the Senate. Then, with the Senate on board, we could try to bring the House along. Even if the House passed HR 2760 it will die in the Senate. It remains quite possible that a House-Senate conference might accept Sec 801 of HR 2760 which is the original Boland Amendment as both Houses of Congress had previously supported it.

There is a division in the U.S. Government on the strategy. Defense and CIA believe we should not accede to a reenactment of the Boland amendment as a key to Wright's acceptance of symmetry. While State agrees an effort should be made to drop the Boland amendment, they believe the amendment is sufficiently permissive to allow pursuit of our current policy objectives. There is no essential reluctance to a true symmetry option, although all of us would prefer to add two points to Sec 802 of HR 2760 which would (1) authorize a resumption of operations if the Nicaraguans violate the agreement to stop helping the insurgents in other countries and (2) an amnesty for all members of opposition or resistance groups. This would protect our Nicaraguan freedom fighters.

To summarize, we believe the language is about as good as we will get in our negotiations with the House. If we are to seek a middle route we would be better off directing the compromise rather than allowing a series of uncontrolled amendments to steer the action. We may be able to add the specific points noted above re "amnesty" and "resumption of operations in the case of treaty violations":

-- Option 1: (Defeat HR 2760)

  o If we lose, we are no closer to solution.
  o If we win, we send a loud clear signal that we are proceeding forward actively with our program.

-- Option 2: (Develop compromise language in the House)

- o We can carry on with our program.
- o We will have bipartisan support largely built around a "symmetry" concept.
- o The negative aspects are that we will have accepted a limitation to our operations. (The inclusion of the original Boland language concerning overthrow.) We also stand the danger that we might be challenged that if the FSLN fell, we had violated the law.

-- Option 3: (Delay, work with the Senate)

- o The advantage is that we do not associate with a compromise or a limitation.
- o The disadvantage is that we lose some control over the situation and are likely to end up with at least the Boland Amendment if not more.

Recommendation

Yes	No	
_____	_____	That you authorize us to agree with the basic Wright-Young compromise (Tab A).
_____	_____	That you support our effort to try to add language in the compromise paper to include provisions for "amnesty" and for "a resumption of operations."

Attachment

Tab A Amendment to HR 2760

N 46175

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(DISCUSSION DRAFT--JUNE 30, 1982)

AMENDMENT TO H.R. 2760, AS REPORTED

OFFERED BY MR. ______________

N 46176

Page 2, strike out line 10 and all that follows through line 8 on page 3 and insert in lieu thereof the following:

"PROHIBITION ON EFFORTS TO OVERTHROW THE GOVERNMENT OF NICARAGUA

"SEC. 801. None of the funds appropriated for fiscal year 1984 for the Central Intelligence Agency or any other department, agency, or entity of the United States involved in intelligence activities may be used to furnish military equipment, military training or advice, or any other support for military activities, to any group or individual, not part of a country's armed forces, if the purpose of the United States in providing such support is to overthrow the Government of Nacaragua or provoke a military exchange between Nicaragua and Honduras.

"PORHIBITION ON COVERT ASSISTANCE FOR ANY MILITARY OPERATIONS IN NICARAGUA

"SEC. 802. (a) None of the funds appropriated for fiscal year 1983 or 1984 for the Central Intelligence Agency or any other department, agency, or entity of the United States involved in intelligence activities may be obligated or expanded for the purpose or which would have the effect of supporting, directly or indirectly, military of

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paramilitary operations in Nicaragua by any nation, group, organization, movement, or individual.

N 46177

''(b) The prohibition contained in subsection (a) shall take effect upon the entry into force of an agreement by the Government of National Reconstruction of Nicaragua with the governments of other countries in the region--

''(1) that the Government of National Reconstruction of Nicaragua will not ship military equipment to, or otherwise support, antigovernment forces in any country in Central America;

''(2) that provides for effective multilateral verification of compliance with paragraph (1); and

''(3) to resolve the conflicts in Central America based on the principles affirmed in the Final Act of the San Jose Conference of October 1982 and the commitments made by the Government of National Reconstruction of Nicaragua to the Organization of American States in July 1979.''.

Page 3, line 10, strike out ''802'' and insert in lieu thereof ''803''.

Page 5, after line 10, insert the following:

SEC. 2. (a) The Congress finds that--

(1) Central America is of vital importance to the interests and long-term security of the United States;

(2) the social and economic crisis facing Central America arise in large part from long histories of poverty, social injustice, and lack of economic opportunity;

(3) military solutions alone are inadequate to deal with the challenge the United States faces in Central America, and efforts to resist Communist insurgency will be unsuccessful unless the serious social and economic injustices and human rights abuses of the region are addressed;

(4) respected leadership from all sectors of American society and from all regions should be drawn on to study and advise on the making of United States policy toward Central America; and

(5) an effective United States policy for Central America requires the understanding and support of the American people.

(b) Therefore, it is the sense of the Congress that the President should convene a national bipartisan commission to address the serious long-term problems of security, poverty, and democratic development in Central America, and to help build the necessary national consensus on a comprehensive United States policy for the region. Such commission should--

(1) be composed of distinguished leaders of government, business, labor, education, and the Hispanic and religious communities;

(2) consult with governmental and other leaders of Central America, invite their views, and receive their recommendations on the policies which would best assist them in their long-range security needs and economic development; and

(3) report its findings and recommendations to the President and the Congress one hundred and eighty days after the date of enactment of this Act.

26 Aug 86 [redacted] EX 4

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[redacted]

~~TOP SECRET~~ UNCLASSIFIED [redacted]

FILE: [illegible] [redacted] WHITE HOUSE COMMUNICATIONS AGENCY

cc: NSOLN --CPUB OLLIE NORTH

*** CENTRAL AMERICA PUBLIC DIPLOMACY
MSG FROM: NSWR --CPUA TO: NSJMP --CPUA 08/26/86 10:05:16
To: NSJMP --CPUA

*** Reply to note of 08/19/86 19:18
NOTE FROM: Walter Raymond
Subject: CENTRAL AMERICA PUBLIC DIPLOMACY
B. a follow-up Peter Dailey invited me to breakfast. I thought the memo was excellent but he did not feel that it totally called the ball. What he thought was missing was the immediacy of the problem from the American domestic perspective. He believes that we are operating with a relatively narrow window in which to turn around American perceptions re Contras—and particularly [illegible] we will be [illegible] up by Congress. He discussed the obvious, which is part of our strategy, including [illegible] talks, etc; the need to convince people of the key importance of Contras to our national security; the need to give white hats on our team etc. The themes are those we have pitched although he believes we could change the dialogue away from Contras to democracy; emphasize the need for a free and open Nicaragua. Nothing really new here. The key difference is that he thinks we should run it more like a political/presidential campaign. We need to strengthen our ability to reach out. Names like Rollins, [illegible] and [illegible] were thrown around as the kinds of resources one needs to tap.

Later in talking to Ollie and Bob Kagan we focussed on what is missing and that is a well-funded, independent outside group—remember the Committee for the Present Danger—that would mobilize people. Peter suggested 10 or 12 very prominent bipartisan Americans. Added to this would need to be a key action officer and a 501(c)(3) tax-exempt structure. It [illegible] totally understanding that such a structure is needed and also totally [illegible] why, for discreet political reasons, it was not included in the memo to Bill Casey. I told Pete he was right but we need "a horse" and money!

I have chatted on the margins to both Clif White and Dave Miller about this and they both have organizational/conceptual ideas. My recommendation is that after Labor Day when everyone is back in the city that a meeting take place with the following people present: Peter Dailey, Clif White, Dave Miller, Elliot Abrams, Bob Kagan, Ollie North and myself. The results of that meeting would be the basis for charting the next step in this area. Do you agree? Do you recommend additions or deletions to the group? At any rate, the regular public diplomacy work will continue to proceed along and with vigor.

cc: NSOLN --CPUB

* CENTRAL AMERICA PUBLIC DIPLOMACY

[redacted]

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PAGE 001

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by K. Johnson, National Security Council

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EXHIBIT

UNCLASSIFIED [redacted]

N 10341

FILE: [illegible] [redacted] [illegible] WHITE HOUSE COMMUNICATIONS [illegible] PAGE 175

[redacted]

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[redacted]

[illegible] 11 MAY 83 EXS

UNCLASSIFIED THE WHITE HOUSE N 33367
WASHINGTON

~~SECRET~~/SENSITIVE May 11, 198

Walt Raymond

Subject: Release of additional [redacted] for the Nicaragua Program

Al Keel called me before leaving town to note that he was uncertain as to whether or not the CIA had consulted with the two committees on the releas of the additional [redacted] for the Nicaragua program. Although he signed the release, he did not want it to go without confirmation that the consultations had, indeed, been carried out.

I talked with John McMahon Wednesday night. John confirmed that they had indeed briefed both committees without substantial opposition.

On that basis, please go see Arnie Donahue (in Keel's division) who is holding the release, and ask him to go ahead to dispatch it.

Many thanks

Bud

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3 MAR 83 EX6
SYSTEM I: 1436

N 30399
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MEMORANDUM

NATIONAL SECURITY COUNCIL

CONFIDENTIAL

ACTION March 3, 1983

MEMORANDUM FOR WILLIAM P. CLARK

FROM: WALTER RAYMOND, JR. WR

SUBJECT: Presidential Meeting with Funders

As you will remember you and I briefly mentioned to the President when we briefed him on the NSDD on public diplomacy that we would like him to get with some potential funders at a later date. Charlie Wick was given the lead to put this together. Charlie believed, and I think rightly, that we should develop precise plans that could be presented to the potential donors for their consideration. He also felt that the initial focus should be principally on Europe where we must generate greater European private support for our policies.

To accomplish these objectives Charlie has had two lengthy meetings with a group of people representing the private sector. This group has included principally program directors rather than funders. The group was largely pulled together by Frank Barnett, Dan McMichael (Dick Scaife's man), Mike Joyce (Olin Foundation), Les Lenkowsky (Smith Richardson Foundation) plus Leonard Sussman and Leo Cherne of Freedom House. A number of others including Roy Godson have also participated. The private group has put together a $5 million package for funding.

Charlie is comfortable with the package and ready to sell it to the private sector. He wants to set up two meetings for March 21. He would like to bring his potential donors together with representatives of the private sector (Barnett, McMichael, Cherne) with himself and Peter Dailey. The problem of Europe and the program would be discussed. He would like this meeting to take place in the Roosevelt Room at 3:00 p.m. I have reserved the Roosevelt Room for two hours. He would like you to drop in for a brief time with this group.

The group that is clearly on board includes: David Rockefeller, Dwayne [redacted], Henry Salvatori and Rupert Murdoch. He expects that Carl [redacted] and Clint Murchison, Jr. will also attend. He will add one or two others but he does not want the group to be larger than six or seven. He anticipates that each of these people will make a large pledge. He also expects that each, after his visit in Washington will seek to gain three or four additional supporters. While the program will initially focus on Europe it is obvious that this type of a core could be built upon to provide funding to broader aspects of project democracy.

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by K. Johnson, National Security Council

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CONFIDENTIAL UNCLASSIFIED N 30900

The key to this is a meeting with the President. Charlie would like the President to dine with this group on the evening of March 21. Can you confirm this? Charlie has had some discussion on this subject and believes he has a tentative green light.

Charlie is very anxious to get a commitment on the proposed points noted as recommendations below by close of business March 4. He will be leaving the country this weekend on official business for the better part of two weeks and would like to issue formal inviations.

Recommendations:

That you concur in the meeting in the Roosevelt Room on March 21. (I have reserved the room from 3-5:00 p.m. on a contingency visit.)

Agree__________ Disagree__________

That you agree to meet briefly with the group in the Roosevelt Room.

Agree__________ Disagree__________

That the donors plus Charlie, you and Peter Dailey dine with the President on March 21.

Agree__________ Disagree__________

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13 Jul 83 Ex 7

NSC/ICS-400499
(Add-on)

N 43630

MEMORANDUM

NATIONAL SECURITY COUNCIL

~~SECRET~~/SENSITIVE July 13, 1983

ACTION

MEMORANDUM FOR ROBERT C. McFARLANE

FROM: KENNETH deGRAFFENREID
OLIVER L. NORTH

SUBJECT: Memorandum of Notification on Nicaragua

In connection with the [redacted]MON on Nicaragua, Walt Raymond has suggested that you might want to call Ken Robinson and Bill Young and advise them that we will be sending up a reserve release imminently so that they do not get caught by surprise. Both committees are already aware at the staff level at least that the program will increase to [redacted]. The only issue is when they receive the advisory note of the additional [redacted] commitment and the relationship of that advisory note to the Zablocki-Boland floor debate. Such a telecon would give Robinson/Young an opportunity to express any concern, and for you to make further suggestions on how this issue affects our legislative strategy.

Recommendation

That you telephone Ken Robinson and Bill Young.

Approve ________ Disapprove RCM

cc: Al Sapia-Bosch
Walt Raymond

Partially Declassified/Released on 3 Feb 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

Surely CIA
can do that.
[illegible] they ought
to do it today.

(5603)

~~SECRET~~/SENSITIVE
Declassify on: OADR

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UNCLASSIFIED

Ollie North Packages

N 34569

AII : 17

	SEQUENCE TO	HAS SEEN	ACTIO
John Poindexter			
Bud McFarlane	1	M	A
Jacque Hill			
Judge Clark			
John Poindexter			
Executive Secretary			
Situation Room			
LAM	2		2

I-Information [✓ A-Action] R-Retain D-Dispatch N-No further A

DISTRIBUTION

cc: VP Meese Deaver Other ______

COMMENTS

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o	Name and Address	Date	Initials
1	Robert C. McFarlane		
2			
3			
4			
5			
6			

X	ACTION		FILE
	APPROVAL		INFORMATION
	COMMENT		PREPARE REPLY
	CONCURRENCE		RECOMMENDATION
	DIRECT REPLY		RETURN
	DISPATCH		SIGNATURE

REMARKS:

NSC/ICS CONTROL NO. 400499 ~~(Add-on)~~

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Information Agency

Washington D.C. 20547

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7 MAR 83

1557

N 30896

Ex 8

USIA

March 7, 1983

MEMORANDUM FOR: The Honorable
Judge William P. Clark, Jr.
Assistant to the President
for National Security Affairs

FROM: Charles Z. Wick

SUBJECT: Request for the President to Host a Dinner on March 21 to Encourage Private Sector Efforts for Public Diplomacy as per NSDD #77

Background

As you know, in NSDD 77 the President established a new mechanism in order to "strengthen the organizaton, planning and coordination of the various aspects of public diplomacy...relative to national security." The President noted in his establishment of the International Political Committee and in his delineation of its responsibilities:

> "This will require close collaboration with other foreign policy efforts--diplomatic, economic, military--as well as a close relationship with those sectors of the American society--labor, business, universities, philanthrophy, political parties, press--that are or could be more engaged in parallel efforts overseas."

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CLASSIFIED BY: CHARLES Z. WICK
OFFICE SYMBOL: D
DECLASSIFY (OR DOWNGRADE) ON:
"Originating Agency's Determination Required"

[redacted] Declassified/Released on 3FEB88
under provisions of E.O. 12356
by K. Johnson, National Security Council

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Recognizing that maximizing the parallel efforts of such private organizatons is critical to overall public diplomacy programs, you indicated to the President in your memorandum of January 13, 1983 that:

> "Our intention is to supplement our commitment of public funds with private funds as well. Some of the public funds would be allocated to private U.S. organizations which could conduct certain programs overseas more easily than the USG. We will develop a scenario for obtaining private funding. Charlie Wick has offered to take the lead."

At the SPG meeting on January 25, 1983, you again mentioned that I should develop the program for private funding and stated that the President has agreed to host a dinner for potential donors.

1. What Do We Want - The Plan

We have all agreed that parallel private efforts are desperately needed now to complement the government program for European security and arms control being directed by Ambassador Peter Dailey. We need to counter the avalanche of public criticism of deployment which General Rogers and others believe will take place when site preparations begin at the basing countries. According to General Rogers, without our efforts, activists may frustrate site construction in May and jeopardize the timetable for deployment.

I have asked a small group of prominent individuals to meet on March 21 to discuss the funding of activities which could be undertaken in the next nine months in hopes of enhancing our position. A list of the activities to be undertaken is being developed by Peter Dailey, Dr. George Gallup, Walt Raymond and members of my staff.

Our preliminary opinion is that activities requiring funding of $5 million would have a good chance of helping secure deployment should that be necessary in the absence of an arms control agreement. The individuals invited to the meeting have the ability to donate the required funds or to raise the funds from others.

I hope that you will be available to say at least a few words to impress the need for action upon the potential donors at our meeting from 3:00 to 5:00 p.m. in the Roosevelt Room on the 21st.

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11 30898

2. **Role of the President**

Demonstration of the importance of these private sector efforts parallel to our public diplomacy program would be dramatically achieved if the President could host a dinner for those in attendance at the March 21 meeting. The President could lend his encouragement to efforts undertaken in the private sector at this critical juncture. He would underscore the seriousness of the situation in Europe.

3. **Who Will Be Invited?**

Potential donors attending the meeting and dinner would be David Rockefeller, Dwayne Andreas, Henry Salvatori, Rupert Murdoch, Sir James Goldsmith and a deputy of Axel Springer. I am working to add a few more and will keep you informed of additions as they are made, but the group will be kept small.

Conclusion

I am committed to the strengthening of our public diplomacy efforts as directed by the President in NSDD #77, particularly in light of the challenges we face in Western Europe during the coming months. I believe the private efforts can help the President. I hope he will be able to host a dinner for the participants after our March 21 meeting.

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12 May 83 Ex 9

11 33368

THE WHITE HOUSE
WASHINGTON

May 12, 1983

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Mr. McFarlane:

Bob Drews called --

You and Al Keel have discussed a letter which Dr. Keel has signed but it is being "held" at your request.

Do you have any guidance for me to pass back to Dr. Keel's office?

Wilma

He should go ahead to release it. Both committees have been briefed and expressed no opposition. Bud

5/13 am [illegible] Rem [illegible]

[redacted]

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Ex. 10

EXHIBIT #18

12 Sep 83

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No. [illegible]

COPY

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S' 'TEM IV: 400638

MEMORANDUM

NATIONAL SECURITY COUNCIL

SECRET/SENSITIVE

September 12, 1983

INFORMATION

N 6828

MEMORANDUM FOR WILLIAM P. CLARK

FROM: WALTER RAYMOND, JR.

SUBJECT: SIG Meeting on Central America, September 9

The SIG met to review the general strategy concerning Zablocki/Boland and the related question of the new Presidential Finding. Eagleburger chaired.

The basic conclusions on strategy included:

-- We would push for a Presidential Finding soonest. This would permit us to implement a strategy designed to gain the support of the Senate and put us into a good position with the House. Incidentally, the Finding itself is in good shape having been thoroughly scrubbed by a small group including Al Sapia-Bosch and myself on September 8. (See Tab I.)

-- The DCI would test SSCI reactions with preliminary discussions over a draft Finding with Goldwater, Moynihan and possibly Lugar, Bentsen and Chafee. Pam Turner urged contact with Howard Baker too.

-- As soon as the DCI has tested the waters on the Hill, he would make adjustments in the PF and seek a quick NSPG. There was no commitment concerning an NSPG date although CIA asked for an NSPG on Monday September 12. The SIG recognized that the faster we can get a Finding to the Hill the more chance we have to use our "Senate first" strategy. (I would personally judge that if Casey meets with the key Senators on Monday that he could request a brief delay in his currently scheduled SSCI hearing of 0900 hours on September 13. He should tell the Senators he will take their views into consideration in adjusting the Finding. Then, submit a revised PF to NSPG principals by COB Monday September 12. We could meet--schedules permitting--on 13 or 14 September at the NSPG and he could brief the Hill 15 or 16 September.)

-- Following a SSCI hearing of the new PF, we would press for fast Senate floor action on the Intelligence Authorization Bill thus locking in the Senate. (All holds off if we get clobbered in the SSCI.) We anticipate a Kennedy-Pell amendment similar to Zablocki/Boland. A strong win in the SSCI will help here.

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K. Johnson, National Security Council

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-- Following Senate action we would hope to water down Zablocki/Boland. There will probably be a role permitting one amendment--by Ken Robinson. We will sort out with our House supporters whether he uses it to have a straight up/down vote on Zablocki/Boland or whether he tries to add on Mica type symmetry language. (See Tab II.)

-- State is developing appropriate briefing materials for our concerted legislative action plan. The legislative strategy paper circulated was a modest one and Eagleburger requested that it be expanded. (See Tab III.) When the question of "leadership" emerged--who is in charge?--Dam's SIG was first identified. This was further expanded by the comment that the Duberstein network--including the legislative council elements in State, NSC and CIA would serve as the action team for legislative action.

Attachment

Tab I	Draft Presidential Finding
Tab II	Amendment to Zablocki/Boland
Tab III	Legislative Strategy

cc: Al Sapia-Bosch
Ollie North
Chris Lehman
Ken deGraffenreid

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Finding Pursuant to Section 662 of The Foreign Assistance Act of 1961, As Amended, Concerning Operations Undertaken by the Central Intelligence Agency in Foreign Countries, Other than Those Intended Solely for the Purpose of Intelligence Collection

I hereby find that the following activities are important to th national security of the United States, and direct the Director of Central Intelligence, or his designee, to report this Finding to th Intelligence Committees of the Congress pursuant to Section 501 of the National Security Act of 1947, as amended, and to provide such briefings as necessary.

SCOPE	PURPOSE
NICARAGUA	[redacted] provide support, equipment and training assistance to Nicaraguan resistance groups as a means to

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pressure the Sandinistas and Cubans and their allies to cease their support for regional insurgencies; to hamper Cuban/Nicaraguan arms trafficking; and to bring the Sandinistas into meaningful negotiations and constructive agreements with their neighbors.

[redacted]

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Page 3 N 6832

DENIED IN

TOTAL

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[redacted]

The Director of Central Intelligence is directed to ensur that this program is continously reviewed to assure that its objectives are being met and its restrictions adhered to.

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Page 5 N 6834

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N 6335

[redacted] THE NICARAGUA FINDING

This Finding replaces the 1 December 1981 Finding [redacted]

This Finding authorizes the provision of material support and guidance to Nicaraguan resistance groups; its goal is to induce the Sandinista government in Nicaragua to enter into meaningful negotiations with its neighboring nations; and to induce the Sandinistas and the Cubans and their allies to cease their provision of arms, training, command and control facilities and sanctuary to

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regional insurgencies. [redacted]

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Pages 8 and 9 N 6837 - N 6838

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AMENDMENTS to H.R. 2968 ([illegible])

Offered by ______________ N 6839

On page 5, line 22, immediately after "Sec. 108.", insert "(a)".

On page 6, between lines 3 and 4, insert the following:

(b) The prohibition contained in subsection (a) shall take effect when --

(1) the Government of National Reconstruction of Nicaragua has ceased its activities (including the furnishing of arms, personnel, training, command and control facilities and logistical support) in support of military or paramilitary operations by antigovernment forces in any country in Central America or the Caribbean;

(2) the Government of National Reconstruction of Nicaragua is implementing the commitments it made to the Organization of American States in July 1979; and

(3) the cessation of such activities and the implementation of such commitments has been verified by the General Assembly of the Organization of American States, or by the President of the United States in a report to Congress.

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9/1/83

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N 6840

LEGISLATIVE STRATEGY

I. Introduction

In order to avoid a legislative prohibition denying authority of funds to support covert operations in Nicaragua, we should seek to avoid action on any free-standing bill such as Boland-Zablocki (H.R. 2760) or its Senate equivalent (Kennedy-Pell). However, in the absence of Congressional action on the FY 1984 Intelligence Authorization Bill and FY 1984 DOD Appropriation Bill, or on a Continuining Resolution, funding for the current program will expire on September 30. Therefore, we must press for legislation in September to continue funding for the program and must be prepared to deal with harmful amendments in that content.

II. Objectives

At the interagency meeting September 7, there was general agreement on the following key elements of our strategy:

--Among the items of legislation that are likely to be acted on by the Congress, our preference would be to have a Senate vote first on the Intelligence Authorization Bill and try for a clean bill without restrictions. (If the House were to vote first and adopt an amendment, then our opponents in the Senate might press a similar amendment in order to weaken our position in Conference.)

--In the House, we should seek to amend the flat ban on funding for covert activity in Nicaragua now contained in the Intelligence Authorization Bill. An alternative along the lines of the Mica Amendment, supported earlier by friendly Democrats, is likely to draw more votes than an effort to strike the ban entirely.

III. Initial Consultations

Senate

Secretary Shultz will meet with Senator Baker early next week. At that time, he should seek to ascertain the likely sequence of relevant Senate actions, indicating Administration preference for early passage of the FY 1984 Intelligence Authorization Bill, without amendment.

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DCI Casey will meet with Senate Select Committee on Intelligence leaders early next week. He should make the same point, and should elicit their views on how the Administration can help gain support for passage of the bill as reported by the Committee.

House

Deputy Secretary Dam should meet with Congressmen Michel and Robinson next week. He should:

--Elicit their views on the likely sequence of relevant House actions, indicating our preference that the issue be joined on the Intelligence Authorization Bill, and that the Senate act first.

--Explore the prospects for obtaining a Rule on the bill that would permit a floor amendment delaying any funds cutoff until our policy objectives are met. (This should also be explored with Trent Lott.)

--Seek their sponsorship of an amendment along the lines of the Administration draft.

--Share with them our list of members (attached) whose votes might be changed and ask their advice on approaching these or other members.

IV. Follow-on Action

Based on the results of these talks, we should:

--Organize a campaign of personal telephone calls and visits to be conducted by senior officers in State, DOD, and the NSC, directed at those members identified as appropriate targets. In State, Assistant Secretary Motley, Ambassador Stone, Ambassador Reich, Ambassador Middendorf, and Mr. Derwinski should all be engaged in this effort, in addition to the Secretary, Under Secretary, and E.

--Set up informal breakfast meetings with key members to be hosted by senior officials at CIA, State and Defense.

--Consider a White House breakfast meeting with the President for key Senators suggested by Senator Baker.

--Prepare materials to be distributed under covering Dear Colleague letters from supportive Members of Congress.

Attachment:

As stated.

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VOTE ANALYSIS OF THE BOLAND-ZABLOCKI BILL IN THE HOUSE

On July 28, six separate House floor votes took place on Boland-Zablocki or various alternatives. These were the first floor votes on any element on our Central America policy in four years, and turnout was heavy.

N 684

Most House Members were solidly consistent in their voting. 187 Members supported the Administration on all important votes, 145 Republicans and 42 Democrats. 200 Members were just as solidly opposed, 195 Democrats and 5 Republicans.

The Administration won narrowly on the first of the six votes, an amendment defeated by 214-213. After that our support eroded until the final adverse vote of 221-195.

Our vote analysis has identified 26 key "swing votes," 12 Republicans and 14 Democrats. These Members voted for Boland-Zablocki on final passage, but supported Administration positions on one or more earlier amendments. In contrast to these 26 "soft" opponents, our vote analysis identifies 13 "soft" supporters, 5 Republicans and 8 Democrats. The only four House Members not present all appear potential Administration supporters. A listing of the key "swing votes" follows.

While these key targets should receive the highest level of our attention, our Congressional effort must also include meetings with our key supportors to give them reassurance and support.

HOUSE "SWING VOTES" ON BOLAND/ZABLOCKI

"SOFT" OPPOSITION: Members voting for Boland/Zablocki on final passage, but supporting Administration positions on earlier amendments:

REPUBLICANS - 12	
Coughlin	(PA)
Evans, Cooper	(PA)
Fish	(NY)
Horton	(NY)
Pritchard	(WA)
Ridge	(PA)
Williams, Kyle	(PA)
Zschau	(CA)
McKernan	(ME)
Snowe	(ME)
Boehlert	(NY)
Jeffords	(VT)

DEMOCRATS - 14	
Brooks	(TX)
Mazzoli	(KY)
Andrews	(TX)
De la Garza	(TX)
Biaggi	(NY)
Carper	(DE)
English	(OK)
Hefner	(NC)
Hughes	(NJ)
Jones	(NC)
MacKay	(FL)
Ortiz	(TX)
Valentine	(NC)
Whitley	(NC)

TOTAL: 26

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"SOFT" SUPPORTERS: Members voting *against* Boland/Zablocki on final passage, but abstaining or opposing Administration positions on one or more earlier votes:

REPUBLICANS - 5	
Molinari	(NY)
Strangeland	(MN)
McDade	(PA)
Solomon	(NY)
Martin	(IL)

DEMOCRATS - 8	
Applegate	(OH)
Bevill	(AL)
Flippo	(AL)
Gaydos	(PA)
Levitas	(GA)
Murtha	(PA)
Boner	(TN)
Tallon	(SC)

TOTAL: 13

OTHER POTENTIAL SUPPORT: Members not present or voting on Boland/Zablocki, but possible supporters:

REPUBLICANS - 1	
Chappie	(CA)

DEMOCRATS - 3	
Dowdy	(MS)
Heftel	(HI)
Jones	(TN)

TOTAL: 4

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25JAN83 Ex 11
Exhibit #19

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N 39016

25 January 1983

TO: The Director

FROM: W. Scott Thompson

SUBJECT: Walt Raymond's Memorandum to Judge Clark

Attached you will find a copy of a draft memorandum from Walt Raymond to Judge Clark. I secured this through the back-channel, so we should not discuss it in any way except among ourselves. We should not mention it at the January 26th SPG meeting, but you should read it for your own information. The main points are:

1. The NSDD is on track with the endorsement of the President.

2. The budget effort on behalf of Project Democracy is moving ahead:

a. USIA is the lead agency, with the cooperation of State and AID, on the legislative strategy.

b. Private funds are also needed, and the President is willing to have you take the lead in putting together a meeting for him with a group of potential private donors.

3. The IIC, with your guidance, should pursue several key issues:

a. Soviet propaganda

b. the "Post-Soviet World" project (designed to dispel the myth of Soviet invincibility and inevitability)

c. development of the NSSD on International Information

4. An infrastructure for managing the new system will be provided by a weekly meeting of Bob Sims (Public Affairs Committee), Carey Lord (Broadcasting), Scott Thompson (Information Committee), Jerry Helman (Political Committee), and Walt Raymond.

5. Each committee will generate its own staff support, and this will require significant resource enhancement in the various agencies and departments.

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Johnson, National Security Council

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PUBLIC DIPLOMACY
NSDD Implementation: First Special Planning Group Meeting

N 39017

1. Restatement of purpose:

- Provide central focus for insuring greater commitment of resources, greater concentration of effort in support of our foreign policies: call it political action, if you will.

- Includes initiatives under both the "public diplomacy" and "democracy project" rubric.

- We have a chance to try to maximize our total effort in this field.

2. Progress to date:

- The President has signed the NSDD on Public Diplomacy, solidly endorsing our course of action.

- Our initiatives must take into consideration our public and private capabilities in the U.S. and abroad.

- We have dealt with the budget questions concerning programmatic buildup of our governmental programs. At the BRB on December 18, we agreed to submit to the President for inclusion in FY 84's budget $65 million for "Public Diplomacy and Democracy" (aka "overt political action"). We also called for a supplemental of $20 million in FY 83. I would strongly encourage each participating Agency and Department to think very seriously about their ongoing budget outlays and consider ways in which their resources may be redirected and targeted to these needs now.

- We have submitted to Congress a $44 million supplement for RFE/RL and a proposal for Radio Marti. Both of these are priority legislative items for the new Congress. This body, aided by the International Broadcasting Committee, must keep this as a priority item. The supplement is but a first stage in the rebuilding process.

- The American Political Foundation study has been launched. The Excom is a true bi-partisan body (cite inter alia, Manatt, Richards, Allen, Brock, Fascell, Kirkland and others). This will fill a key gap and provide a vehicle for quasi-public/private funds.

- We will need to supplement the federal programs and the nascent quasi-public-private effort with private funds. Our letter to the President indicated Charlie Wick will put together a meeting of potential donors (circa 12) for a quiet chat with the President. Let's move on this now: the President is ready. I would ask the International Political Committee to coordinate a list of items which need private funding for use at this meeting.

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- In this regard, I also note Larry Eagleburger's agreement to host a working lunch of foundation executives so that we can develop a breader network of private supporters who can help us get this job done. We can not, forever, rely on one or two good souls, such as Smith-Richardson or Mellon-Sc~~h~~aife. I would like a report on this at our next meeting.

N 39018

3. Let us turn to Organizational form.

- The four Interagency Committees should be organized immediately.

-- It is essential that a serious and deep commitment of talent and time be dedicated to this. Programs such as Central America, European strategic debate, Yellow Rain and even Afghanistan have foundered by a failure to ~~accord high priority~~ orchestrate sufficient resources + focus to these efforts.

-- As we are creating a "new art form" I think we can best prove the relevance and effectiveness of the approach by taking up key issues, selectively and discreetly. Then as we develop a base of success, we can expand. I am not concerned with only a measured and limited focus at the outset.

-- I would expect each of the committees to submit a term of reference for its activity to the next SPG. Each committee will need to address the questions of permanent and ad hoc composition, specific issues to be covered etc. We will also need to pay attention to coordination and interrelationships among the various committees.

- I would look to Secretary Shultz to put together the IPC. Issues that immediately come to my mind for consideration of the IPC include:

1) European Security-INF
2) Central America

-- In a broader context, I would urge this group to look at the role of functional groups to see how they can be involved in the democracy process: International labor, private enterprise, etc.

-- Also, as you will recall, the IPC will develop a proposed list of projects for private funding to be used at the projected Presidential meeting.

- I would look to Charlie Wick to put together the IIC. Again, I would ask Charlie to guarantee high level commitment of talent and time. Your committees terms of reference will be most useful. Issues that come immediately to my mind and should be pursued include:

-- A continued examination of Soviet strategy in the propaganda field.

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-- The commendable project on a "post-Soviet World" should be diligently pursued. (Why allow the Soviets to foster a myth of either invincibility or inevitability?)

-- In a broader context, I would charge, on behalf of the President that the IIC take on the responsibility for development of the NSSD on International Information.

- The NSC will organize the structure of the International Broadcasting Committee. Issues which I anticipate arising concerning this committee include:

[redacted]
Technical modernization
Radio Marti
Direct broadcast by satellite.

- Public Affairs Committee. Bud and Dave Gergen will jointly chair this committee. It will continue its activity on nuclear issues and I expect it will be very active concerning MX.

4. Congressional Strategy

- Inclusion in State of the Union

- Budget submission to the Hill (January 31)

- USIA is the point agency. Charlie needs the close support of State and AID. NSC will help, as required. Look to Secretary Shultz to make an opening statement.

- Hill interest has been raised by press commentary. Recommend briefings of key Senators and Congressmen and selected phone calls. Look to USIA and State to orchestrate.

5. Staff Support

Each committee will largely generate its own staff support. As noted before I anticipate this will require significant resource enhancement in the various agencies and departments. Walt Raymond will directly support me and you can work with him on SPG matters. He will provide an infrastructure by meeting weekly with Bob Sims (PubAff), Cary Lord (Broadcasting), Scott Thompson (Info) and Jerry Helman (Political) to ensure continuity, coordination and to prepare for SPG meetings. Walt will pull together for me a weekly summary statement of the activities and plans of the four committees which I will share with the SPG principals.

6. Peter Dailey.

Brief on his efforts to orchestrate INF European security program.

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7. Summary

- We are moving

- Resources must be committed

- Expect Committees to be organized immediately

- SPG meet in 2 weeks to discuss entities of Committee structure and specific tasks. We have the challenge now to see that we get the job done, whether it is in Latin America, Europe or elsewhere. Your support is critical.

- We will move out immediately in our parallel effort to generate private support.

18MAR83 EX 12
Exhibit #21

UNCLASSIFIED

MEMORANDUM

NATIONAL SECURITY COUNCIL

CONFIDENTIAL

March 18, 1983

ACTION

100

MEMORANDUM FOR WILLIAM P. CLARK

THROUGH: CHARLES P. TYSON

FROM: WALTER RAYMOND, JR. WR

SUBJECT: Presidential Meeting with Donors

11 30865

Attached is a briefing paper and talking points for the President concerning Charlie Wick's meeting with approximately ten donors. The plan will be to gather in the Situation Room at 1:45 p.m. on Monday, March 21, 1983. Charlie Wick and Peter Dailey will make the major presentations. The President, accompanied by you, would join the group for 15 minutes to set the tone and purpose of the gathering.

This will be the first session with donors and Charlie has focused this meeting specifically on our needs in Europe. Three of the donors are Europeans and they are involved in the hopes that we can stimulate the commitment of both US and European private resources to support these efforts. Candidly, I do not know whether the group assembled on March 21 will serve as the core for a large funding effort which could support the "National Endowment for Democracy" or whether this group, by background and interest, will remain focused on Europe. The problems of European public opinion, however, are sufficiently great that this is enough of a task to take on at this time.

Recommendation

That you forward the briefing paper and talking points to the President.

Approve ________ Disapprove ________

5608

Attachments

Tab I Briefing Paper to the President for Signature
- A Talking Points
- B Meeting Agenda
- C Participants

[redacted] Declassified/Released on 23FEB88
under provisions of E.O. 12356
by K. Johnson, National Security Council

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THE WHITE HOUSE

WASHINGTON

CONFIDENTIAL

MEETING WITH CHARLES WICK
AND PRIVATE SECTOR DONORS
DATE: Monday, March 21, 1983
LOCATION: Situation Room
TIME: 2:00 p.m.

FROM: WILLIAM P. CLARK

N 30567

I. PURPOSE

Charlie Wick has arranged a small meeting to encourage the private sector to provide support for our public diplomacy and democracy initiative. This is consistent with our tasking to Charlie. As we indicated to you several weeks ago, it is very important that we enlist the private sector to help generate broad support for our public diplomacy efforts in this area. Your personal participation will be a significant stimulant to this effort.

II. BACKGROUND

The focus of this meeting will be on the need to stimulate support for our policies in Europe. We will be discussing with the group the problems as we see them, both in terms of the immediate issue of the INF, but also in terms of more effective working relationships between the United States and Europe. Peter Dailey will deliver the key arguments. Building a solid base of collaboration on a broad range of issues within the Atlantic Alliance has profound long term consequences for our overall democracy project as well. Included in the group of invitees are three Europeans as we are anxious to stimulate private support from both sides of the Atlantic.

Over time Charlie hopes to build upon this core of funders and attract others for the broader purposes of building democracies worldwide.

III. PARTICIPANTS

See attached list. (Tab C)

IV. PRESS PLAN

None.

V. SEQUENCE OF EVENTS

See attached agenda. (Tab B)

Attachments
Tab A Talking Points (with cards)
Tab B Meeting Agenda
Tab C Participants

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TALKING POINTS FOR MEETING WITH
CHARLES WICK AND PRIVATE SECTOR DONORS

-- I appreciate the opportunity to meet with you today. We are united by our common concern over the future of the Atlantic Alliance. I would like to ask for your help in something which is important to us all.

-- The Soviets are directly challenging our Alliance. We face an even more vigorous and sophisticated challenge from the Soviets with the accession of Andropov. The Soviets - through their campaign of disinformation and propaganda - seek to convince the peoples of Western Europe that friendship with the United States increases rather than reduces the threat to their security.

-- As we seek to negotiate arms reductions with the Soviets in Geneva, they seek to legitimize a military dominance in Western Europe. They are fighting on the ideological battlefields of Europe. We must counter our adversaries, both in the near and longer term.

-- Last June I spoke to the British Parliament, proposing that we - the democracies of the world - work together to build the infrastructure of democracy. This will take time, money, and efforts by both government and the private sector. We need particularly to cement relations among the various sectors of our societies in the United States and Europe. A special concern will be the successor generations, as these younger people are the ones who will have to work together in the future on defense and security issues.

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-- Charlie Wick has taken the lead in Project Democracy and in some of our near-term consensus building projects, particularly in Europe. Our immediate problem is the Soviet challenge in Europe. It is in this area that we must energize private voices as well as those of the government to meet the challenge. An effective public diplomacy effort in Europe requires genuine inputs from all parts of our society.

-- As I have said in the past on so many matters, government cannot do the job alone. That is why I asked Charlie to pull this group together - to form a nucleus of support in the private sector for programs critical to our efforts overseas. I know Charlie can do this. He has done pretty well for me raising funds in the past.

MEETING WITH CHARLES WICK

-- APPRECIATE OPPORTUNITY TO MEET. UNITED BY COMMON CONCERN OVER FUTURE OF ATLANTIC ALLIANCE. ASK FOR YOUR HELP.

-- SOVIETS DIRECTLY CHALLENGING ALLIANCE. WE FACE VIGOROUS CHALLENGE FROM SOVIETS. SOVIETS USING DISINFORMATION AND PROPAGANDA TO CONVINCE EUROPEANS. SOVIETS SEEK TO PICTURE U.S. AS THREAT TO EUROPEAN SECURITY.

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-- WE NEGOTIATE ARMS REDUCTIONS; SOVIETS SEEK TO LEGITIMIZE MILITARY DOMINANCE IN EUROPE. THEY ARE FIGHTING ON THE IDEOLOGICAL BATTLEFIELDS OF EUROPE. WE MUST COUNTER IN NEAR/LONGER TERM.

-- LAST JUNE I PROPOSED WE WORK TOGETHER TO BUILD THE INFRASTRUCTURE OF DEMOCRACY. TAKES TIME, MONEY, EFFORTS BY GOVERNMENT AND PRIVATE SECTORS. WE NEED CLOSER LINKS AMONG ALL SECTORS OF OUR SOCIETIES. A SPECIAL CONCERN SUCCESSOR GENERATIONS WHO WILL HAVE TO WORK TOGETHER ON DEFENSE SECURITY ISSUES.

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-- CHARLIE WICK HAS LEAD IN PROJECT DEMOCRACY AND IN NEAR-TERM CONSENSUS BUILDING PROJECTS. IMMEDIATE PROBLEM IS SOVIET CHALLENGE IN EUROPE. WE MUST ENERGIZE PRIVATE VOICES AS WELL AS GOVERNMENT TO MEET CHALLENGE. EFFECTIVE PUBLIC DIPLOMACY

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IN EUROPE REQUIRES INPUTS FROM ALL PARTS OF SOCIETY.

-- GOVERNMENT CANNOT DO THE JOB ALONE. I ASKED CHARLIE TO PULL GROUP TOGETHER - TO FORM NUCLEUS OF SUPPORT IN PRIVATE SECTOR FOR PROGRAMS CRITICAL TO OUR EFFORTS OVERSEAS. CHARLIE CAN DO THIS. HE HAS DONE WELL RAISING FUNDS IN PAST.

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MEETING AGENDA

I. Introduction and Overview (Charlie Wick).

II. Arrival of President - General Remarks.

III. The Immediate Challenge - Western Europe and INF (Peter Dailey).

-- The US Government Public Affairs Program.

-- The Need for Private Sector Support

IV. The Democracy Initiative and the Need to Build Stronger Private Institutions.

N 30874

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N 30876

MARCH 21, 1983
THE SITUATION ROOM
1:45 - 4:00 p.m.

The Honorable Charles Z. Wick - Director, United States Information Agency

Ambassador Peter H. Dailey - U.S. Ambassador to Ireland; Chairman, European Public Diplomacy Committee

Robert B. Evans - Chairman, Evans Industries, Inc.; Detroit, Michigan; Former Chairman, American Motors

Dr. George H. Gallup - Chairman, Gallup Organization, Inc.; Princeton, New Jersey; Marketing and attitude research

Sir James Goldsmith - Chairman, Generale Occidentale Paris; Diversified interests, including publishing; dual residence in London

John W. Kluge - Chairman, Metromedia, Inc.; New York, New York; Broadcasting

Alfred Lerner - Vice Chairman, Equitable Bancorp; Baltimore, Maryland; Real estate and finance; home and office Cleveland, Ohio

Carl H. Lindner - Chairman, American Financial Corporation; Cincinnati, Ohio; Diversified financial holdings

Dr. Joachim Maitre - Senior Editor and Executive Manager, Axel Springer Publishing. Coming as personal representative of Axel Springer, German publishing executive.

Rupert Murdoch - Australian publisher. Owner, London Times, New York Magazine, New York Post

Kenneth Q. Volk - Chairman, Public Storage Corporation; Pasadena, California

Walter Raymond - Staff, National Security Council

Mark Everson - Office of Director Wick

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Exhibit #23 Ex1
21 may 83
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13[redacted]

MEMORANDUM

NATIONAL SECURITY COUNCIL

CONFIDENTIAL

ACTION

May 21, 1983

N 30913

MEMORANDUM FOR WILLIAM P. CLARK

FROM: WALTER RAYMOND WR

SUBJECT: Central American Public Diplomacy

We need to put this program together immediately. Given other personnel considerations, I would like to recommend an interim solution designed to get the job done, but at the same time, cause the least amount of bureaucratic confusion.

Faith Whittlesey is definitely on-board in terms of the division of responsibility. She sees her role exclusively as implementing policy. She looks to us for policy formulation and for substantive support. She will also expect us to help with speakers. To do this we need an effective public diplomacy coordinator and this person must be prepared to devote full time. I am speaking specifically about a replacement for Dick Stone, since he will not be able to take on this responsibility concurrent with his duties as negotiator. The public diplomacy coordinator will orchestrate the overall USG effort, coordinating closely with Faith and simultaneously driving forward an effective international program.

At this time, the coordinator must be separate from ARA. We should wire him into the SPG structure, but in this case I would recommend that he initially be identified as a Special Assistant to Secretary Shultz working principally with Larry Eagleburger. That should ensure State support. I would recommend that we borrow Otto Reich from AID where he now serves as Assistant Administrator for Latin America. Reich should be immediately joined by Mike Ledeen and Jon Glassman. Others would be added, if needed. I would recommend that Reich be detailed for two months. By that time, we should have gotten our Central American public diplomacy moving forward, personnel situations would have clarified, and we could decide what, if any, role Reich should play in the future.

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under provisions of E.O. 12356
by K. Johnson, National Security Council

LR f-v
SSG FOI
4-17-87

Recommendation

That you call Shultz and propose that the Reich team be put in place immediately vice Stone. That this be under the SPG, but that his assignment be under the aegis of Shultz and Eagleburger.

30914

- That Shultz/Eagleburger raise this with Reich and get his concurrence. Reich should assume his duties immediately (week 23 May).

- That we put out an SPG notice of Reich's assignment.

Approve ______ Disapprove ______

25 JUN 83 EXP
N 43703

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MEMORANDUM OF NOTIFICATION

25 June 1983

MEMORANDUM FOR: Members of the National Security Planning Group

SUBJECT : Request for Increased Funding Level

REFERENCE : Presidential Finding on Nicaragua dated 1 December 1981

Sent'd (JJN 3340 9K

Partially Declassified/Released on 3 FEB 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

1. PROPOSAL: The Central Intelligence Agency requests an increase in the authorized funding level for the program authorized by the 1 December 1981 Presidential Finding [redacted] [redacted]

2. BACKGROUND: On 1 December 1981 President Reagan signed a Presidential Finding on Nicaragua authorizing the Agency to support and conduct [redacted] paramilitary operations against Nicaragua [redacted]

4. DEADLINE: Please forward written concurrence or non-concurrence and any desired comments concerning the proposed action to the Assistant to the President for National Security Affairs within five working days after date of receipt by your office. The Assistant to the President for National Security Affairs is requested to advise the Director of Central Intelligence by memorandum of NSPG concurrence or non-concurrence.

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N 43704

SUBJECT: Memorandum of Notification: Increased Funding Level for Nicaragu[redacted] Covert Action Project

DDO/LA/CATF (29 May 1983)

Distribution:
- Orig - DCI/w/att (for transmittal to NSPG)
- 1 - DDCI w/att
- 1 - Exec Reg w/att
- 1 - Comptroller w/att
- 1 - ADDO/DDO w/att
- 1 - DDO Reg wo/att
- 1 - [redacted]
- 1 -
- 2 - C/LA w/att
- 2 - C/LA/CATF w/att

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3 APR 85 EX 15

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THE WHITE HOUSE

WASHINGTON

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April 3, 1985 N 42445

MEMORANDUM FOR DON REGAN

FROM: BUD McFARLANE Bud

Attached is the decision memo on Contra funding. I have discussed it with George, Cap and Bill Casey who all support it. Cap would like for the President to also be advised that even this approach could place the Contras at some risk for as long as the ceasefire endures. Subject to your agreement, I would like to raise this for decision at the 11:00 am meeting today.

Attachment

[redacted] Declassified/Released on 3 Feb 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

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Ex 16

THE WHITE HOUSE

WASHINGTON

28 Jul 83

July 28, 1983

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~~WITH TOP SECRET~~/SENSITIVE ATTACHMENT

N 43699

MEMORANDUM FOR THE VICE PRESIDENT
THE SECRETARY OF STATE
THE SECRETARY OF DEFENSE
THE COUNSELLOR TO THE PRESIDENT
THE DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET
THE DIRECTOR OF CENTRAL INTELLIGENCE
THE UNITED STATES REPRESENTATIVE TO THE UNITED NATIONS
THE CHIEF OF STAFF TO THE PRESIDENT
THE CHIEF OF STAFF TO THE VICE PRESIDENT
THE CHAIRMAN, JOINT CHIEFS OF STAFF

SUBJECT: National Security Decision Directive on Enhanced U.S. Military Activity and Assistance in the Central American Region (NSDD-100)

The President has formally approved the attached National Security Decision Directive (NSDD-100) on enhanced U.S. military activity and assistance in the Central American region. Copies of this directive may not be reproduced. Please ensure proper handling of this document and the attached directive to prevent unauthorized disclosure.

FOR THE PRESIDENT:

W. P. Clark

William P. Clark

Attachment: NSDD 100

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~~WITH TOP SECRET~~/SENSITIVE ATTACHMENT

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under provisions of E.O. 12356
by B. Reger, National Security Council

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July 28, 1983 N 43700

ENHANCED U.S. MILITARY ACTIVITY AND ASSISTANCE FOR THE CENTRAL AMERICAN REGION

The increasing threat to U.S. national interests in Central America requires that we strengthen our diplomatic and security efforts in the region. The consolidation of a Marxist-Leninist regime in Nicaragua, committed to the export of violence and totalitarianism, poses a significant risk to the stability of Central America. Our ability to support democratic states in the region, and those on the path to democracy, must be visibly demonstrated by our military forces. We must likewise enhance current efforts to provide a democratic alternative to the peoples of the region who are subjected to repression and totalitarianism. Adequate U.S. support must also be provided to the democratic resistance forces within Nicaragua in an effort to ensure that Nicaragua ceases to be a Soviet/Cuban base and that the government adheres to the principles that it agreed to in July 1979.

The democratic states of Central America must be assisted to the maximum degree possible in defending themselves against externally supported subversion or hostile neighbors. U.S. military activities in the region must be significantly increased to demonstrate our willingness to defend our allies and to deter further Cuban and Soviet Bloc intervention.

To this end, the following measures are directed:

- A program of expanded U.S. military activities and exercises both in the Caribbean Basin and on the Pacific coast of Central America will commence as soon as possible. Program details will be coordinated in the IG/SIG framework.
- Exercise AHAUS TARA II should begin on or about August 1, 1983. While the specific duration and scope of the exercise will be determined by the situation, plans should be made for the exercise to continue for four to six months. Program details developed by DOD will be coordinated in the IG/SIG framework.
- [redacted]

Partially Declassified/Released on ______ under provisions of E.O. 12356 by D. Reger, National Security Council

Partial Text of
NSDD 100

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SENSITIVE

- [redacted]

- The Defense Department will complete plans as soon as possible for [redacted] These plans should be developed with existing resources.

- Logistic packages and enhancements for [redacted]

The Secretary of State and the Secretary of Defense will prepare a coordinated legislative, diplomatic, and public affairs strategy that supports these initiatives. A time-phased schedule should be an integral part of this package. Implementation of these initiatives will be timed to take into account public affairs/legislative factors. This implementation plan should be provided to the Assistant to the President for National Security Affairs for Presidential review and approval by July 30, 1983.

[redacted] These proposals will be submitted to the Assistant to the President for National Security Affairs by July 30, 1983 for approval, as necessary, by the President.

The Secretary of Defense will review the military training requirements of El Salvador with a view to determining if the number of military trainers is adequate. If more are deemed necessary, the Departments of Defense and State will develop a credible and defensible rationale and a legislative strategy designed to increase the number to the appropriate level. This program will be reviewed by the Assistant to the President for National Security Affairs and approved by the President prior to Congressional submission. This proposal should be provided by July 30, 1983.

The Secretary of Defense, in coordination with the Secretary of State and the Director of the Office of Management and Budget will ensure that sufficient resources are available to carry out the provisions of this Directive.

Ronald Reagan

29 APR 83

EX 17
EXHIBIT #2

NON- i: Weekly Report

MEMORANDUM

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NATIONAL SECURITY COUNCIL

104

N 30901

CONFIDENTIAL

April 29, 1983

INFORMATION

MEMORANDUM FOR WILLIAM P. CLARK

FROM: WALTER RAYMOND, JR. WR

SUBJECT: Weekly Report

John Carbaugh. At Carbaugh's invitation I had breakfast with him on April 26. Jeff Davis has been in touch with Carbaugh and told me that he thought Carbaugh would raise the idea of a study of European alternatives to the Soviet pipeline. Surprisingly this did not come up. Rather, Carbaugh described the ability of his group--Center for Free Society--to undertake in-depth reviews of the election process, particularly in Central and South America. Bill Kimmerlin (Federal Elections Commission), Alberto Piedra and Carbaugh have served as a three man group in observing elections. Clearly he would like to become involved in upcoming elections in Venezuela, Panama and El Salvador. He then expressed himself on the value of seeking to roll back communist advances in the Seychelles and Guinea Bissau. These views were treated separately by Fred Wettering. (U)

Jeff Davis and I have spoken several times. He will be in Washington during the week of May 9 and we will discuss further his fund raising efforts for project democracy. (U)

Mark Palmer. We discussed a number of subjects over lunch including Soviet exchanges with the US. I know this has been the subject of separate correrpondence from the Secretary to you. Under the proper circumstances and with reciprocity observed, exchanges can be a very powerful weapon in the war of ideas. The Soviets may seek to use exchanges as a means of acquiring technology and specialized scientific training; we can use exchanges to stimulate the circulation of ideas in thought in the USSR. I would encourage your favorable consideration of a carefully crafted exchange program. (C)

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under provisions of E.O. 12356
by K. Johnson, National Security Council

Private [redacted] Raising. There has been limited progress since the Presidential meeting with the donors on March 21. This has been partially slowed by Charlie Wick being in Asia the last month. Roy Godson and Leo Cherne have had several meetings with the private donors executive committee. The next session is scheduled for May 16 at which time I think the first major financial commitment will be extended. I believe the activist orientation of the key donors suggests that the grants that they will give will have a sharp

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cutting edge that will be directed to both [redacted] and American audiences. I will provide you details as they become available. (U)

N 30902

SPG Related Matters.

-- The first full International Broadcasting Committee (IBC) met and covered a very full agenda of items. This committee appears to be functioning very effectively.

-- The International Information Committee.

- One of the principal items is the completion of the NSSD on international information. Cary Lord and I have been working with the group to use this study as a piece for building up an internal US Government approach of the role and importance of "information" as a lever of foreign policy. (U)

- The IIC (Scott Thompson) has asked Dr. Fredrick Seitz, University President Emeritus of Rockefeller University and former Executive President of the National Academy of Sciences, to help provide support to our yellow rain public diplomacy campaign. Seitz's participation may permit us to attract broader international support particularly from the international scientific committee, for our considered conclusions concerning the Soviet use of CBW. (U)

-- International Political Committee.

- The IPC is monitoring follow-up tasking as directed by the SPG meeting on April 14. More than half of the requested papers are at hand but I have concurred in a weeks delay before submission to the SPG so that we can review all the papers simultaneously. This would mean we would target a SPG for the week of May 9 unless you wish it earlier. (U)

- I am preparing a detailed memorandum for NSC staffers on the mission and function of the SPG and its related committees. We certainly want to involve the staffers more thoroughly. I recognize that in the views of some, particularly Sven Kraemer, there has been a perceived lack of coordination. He was thoroughly briefed as soon as this was called to my attention April 21. Any further criticisms are unwarranted. The SPG tasker, which was the apparent offending document was developed by the SPG Excom including Cary Lord and Bob Sims, and discussed at the SPG at which all were present. I believe my broader memorandum discussing the system will work out the kinks within the staff. (U)

PAO Conference. I will be at USIA's Central American Public Affairs Officers Conference in Miami on May 2-3. We will be discussing our overall needs in the region with particular attention to providing support to the President's program. (U)

MEMORANDUM

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21 MAY 85

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EXIS

~~CONFIDENTIAL~~

ACTION

May 21, 1985

MEMORANDUM FOR ROBERT C. McFARLANE

FROM: WALTER RAYMOND, JR. WR
OLIVER L. NORTH OLN

SUBJECT: Freedom Fighters International

From June 5-10, a coalition of anti-communist resistance groups will convene in Jamba, Angola. The purpose of the meeting, which will involve representatives of all the world's major anti-Soviet guerrilla leaders (except Renamo), is to announce the formation of our Alliance for Liberation and Democracy. The Alliance plans to serve as a fund-raising conduit for anti-communist resistance movements. The convocation will be hosted by Jonas Savimbi. Citizens for America is the principal U.S. sponsor, and both Lew Lehrman and Jack Wheeler plan to attend. Wheeler has been actively helping with the organizational work. As indicated in the vote from Pat Buchanan at Tab I, Dana Rohrabacher would like to attend and would like to carry a taped Presidential message for the group.

I have some problems with the meeting. The meeting location virtually assures some form of South African involvement. Visitors will transit South Africa, [redacted] Ray Burghardt has no problems from his Central American perspective. John Poindexter is concerned about tainting the "contras" with the South Africans. Phil Ringdahl/Helen Soos are both concerned that it will be counterproductive in terms of our current negotiations to get the Cubans out of Angola and regarding Namibia. Oliver North argues that we do nothing to interfere with the program and suggests that a Presidential message be carried by Lehrman vice Rohrabacher. From a policy point of view, it may go against any Congressional efforts to repeal the Clark Amendment, which will be debated soon on the floor.

We recommend proceeding as follows: The meeting is good for advancing the cause of friends and allies, but does not require a high Administration profile. Walt Raymond is opposed to a Presidential message. Further, even though Rohrabacher would be traveling with "private funds," we definitely do not think that he should be at the session in Jamba.

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Options	Yes	No
Do we send a Presidential message with Lehrman?	____	____
Should Rohrabacher attend?	____	____

RECOMMENDATION

That you orally advise Pat Buchanan of your decision.

Approve ________ Disapprove ________

Ray Burghardt, Phil Ringdahl, Helen Soos, and Jock Covey have concurred.

Attachment

Tab I Buchanan to RCM Memo, May 12, 85, w/atch

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THE WHITE HOUSE
WASHINGTON

N 40098

May 12, 1985

MEMORANDUM FOR ROBERT C. McFARLANE

FROM: PAT BUCHANAN

SUBJECT: FREEDOM FIGHTERS INTERNATIONAL

Toward the end of this month, in Jamba, capital of the Unita-controlled area of Angola, a Freedom Fighters international will be held, hosted by Jonas Savimbi. As the President is the single world figure to whom all these movements (Nicaraguan Resistance, Afghans, etc.) look for inspiration, it might be well to have the President send a message of support. (RENAMO of Mozambique is the only pro-Western group currently excluded from the gathering.) Lew Lehrman, I understand, is going and would be delighted to carry a taped message from the President. What think? It might get a measure (per attached) of international coverage.

Attachment

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THE WHITE HOUSE
WASHINGTON

N 40099

May 3, 1985

UNCLASSIFIED

MEMORANDUM FOR PATRICK J. BUCHANAN

FROM: DANA ROHRABACHER DR

SUBJECT: Freedom Fighters

Between May 20-25 Jonas Savimbi will be hosting a summit meeting of the world's major anti-Soviet guerrilla leaders, minus RENAMO of Mozambique. The meeting will be held in Jamba, the capital of Dr. Jonas Savimbi's UNITA movement in free Angola.

They would like us to provide a taped message from the President expressing the American people's solidarity with those struggling for freedom throughout the world. This is consistent with everything the President has been saying.

They are holding a press conference on May 23rd and it is expected to receive worldwide coverage.

First, we need approval for the message, taped or otherwise. Second, I would like to hand carry the President's message.

This gathering of freedom fighters is the baby of Jack Wheeler. I've been close to Jack during these last 2 years while he's been working with anti-Soviet guerrillas. Citizens for America or Freedom Research Foundation (Wheeler) will pay my way down to deliver the message if I am permitted to go.

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MEMORANDUM

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NATIONAL SECURITY COUNCIL

19 JAN 85 1/19/85 EXF

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INFORMATION

January 19, 1985

N 32617

MEMORANDUM FOR ROBERT C. McFARLANE

FROM: WALTER RAYMOND

SUBJECT: Central America Strategies

I know that you will be immersed in a detailed examination of our approach to Central America and particularly our tactics in sustaining support for the Contras. I have given considerable thought to this and have three ideas I would like to share with you.

-- Surrogate Supporters. It would seem to me that a particularly effective approach to follow with the Congressional leadership would be to expose them directly to the views of the leaders in Central American countries, excluding Nicaragua, who are directly affected by Nicaragua's aggressive policy. While most of these leaders will not speak out publicly, we should explore the possibility of bringing the Congressional leadership together with Costa Rican, Guatemalan, Salvadoran, Honduran and Panamanian leaders and let them state the case for supporting the Contras. This puts us in a position of responding to a politically strategic imperative that is seen by the local leaders themselves.

-- Overt/Covert Mix. It might be possible to take the latest statements by Dave Durenberger and develop the overt/covert idea. On the surface this may sound ridiculous. There are, however, parallels [redacted] I do not see any credible or legal way in which paramilitary support can be given to the Contras. We could, however, seek to find a package which provides human assistance--food, clothing, medicines, support for Nicaraguan refugees, etc.

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by B. Reger, National Security Council

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F.O.I.
DLAMUO
4-10

-- The Bob Leiken Approach. I had a long talk with Bob Leiken who, as you know, is a rock-ribbed liberal who works for the Carnegie Endowment. Two months ago Leiken wrote a major piece supporting our policies, and it was a significant breakthrough. He approached me on 15 January at a face-to-face dinner and suggested that he would like to help. He plans to take some soundings and will confirm his willingness to help about 1 February. If Leiken is prepared to help he will be particularly useful in lobbying the political liberals in this city. He believes we have a fairly good chance of winning the Contras fight on the Hill if we play our cards right. I think at some point it will be useful for you to talk directly to him. His proposed package includes several elements which I will tick off for you below:

- Build a positive image of the FDN. To do this we should send down one or more key journalists to start developing major positive stories for the US. He thought Richard Millett might be willing.
- [redacted]
- We must clean up the image of the FDN by making some changes, particularly removing known violators of human rights. We cannot sit on a status quo situation with the FDN. It would not be a sign of weakness on the Hill but rather a sign of a constructive willingness to meet Congressional critics half-way by offering to them a more "attractive package." He specifically mentioned a man named Lagas (?). He said that a more active effort should be made to unify the Contras, including the involvement of Brooklyn Rivera. In summary, we need a cleaned up package.
- We should be prepared to accept certain elements of conditionality. In other words, we should be able to accept some limitations and conditions for Contra approval.

EXHIBIT 29 [illegible] E x 20

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MEMORANDUM

NATIONAL SECURITY COUNCIL

15 MAR 85 2088

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CONFIDENTIAL

ACTION

March 15, 1985

MEMORANDUM FOR ROBERT C. MCFARLANE

FROM: OLIVER L. NORTH
WALTER RAYMOND, JR.
DONALD R. FORTIER

SUBJECT: Coordinating our Nicaraguan Resistance Strategy

This afternoon we met with ADM Poindexter to discuss ongoing problems in coordinating the public affairs and legislative strategies regarding the Nicaraguan resistance. Don has, of course, taken the lead in trying to engage key Congressional leaders, sensitize them to our problem, and lay the groundwork for compromise. As we move from this phase to a new overt legislative campaign, we will need to decide how to orchestrate our overall effort and who to put in charge of meshing legislative strategy with an energetic public affairs effort. This is something you may want to discuss with Secretary Shultz on the way back from Canada, or after the meeting on Tuesday. Final decisions on this point should be made at next week's LSG. In the interim, there are two isolated actions you could take to ensure advance coordination:

-- First, a call from you to Pat Buchanan which will help him focus his own White House communications effort with that of Ambassador Otto Reich at State. Your call will help to ensure that those who are operating independently will be responsive to clear cut guidance (talking points are attached at Tab A).

-- Second, a call from you to Max Friedersdorf which will fulfill the same requirement for our legislation coordination (talking points are attached at Tab B). At this point, the resistance leadership (Cruz, Calero, and Robelo) are being contacted by everyone from our own Latin America Directorate to Max Singer at PRODEMCA--all of whom are telling them to be in different places at different times. Your call will ensure that Max is aboard on the use of former Congressman Dan Kuykendall as the focal point for those who wish to contact and schedule the resistance leaders. Cruz, Calero, and Robelo have all agreed to this procedure and Kuykendall is setting up an Ops Center/ Secretariat to handle their schedules, calls, and staff work under the Gulf and Caribbean Foundation.

Partially Declassified/Released on 3 FEB 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

5614

CONFIDENTIAL
Declassify: OADR

UNCLASSIFIED

OLNOFF Box 21-28
3/31/87

UNCLASSIFIED

N 40604

RECOMMENDATION

That you use the talking points at Tabs A and B for calls to Buchanan and Friedersdorf.

Approve _____ Disapprove _____

Attachments
    Tab A - Talking Points for Buchanan Phone Call
    Tab B - Talking Points for Friedersdorf Phone Call

UNCLASSIFIED

UNCLASSIFIED

N 40605

TALKING POINTS REGARDING LEGISLATIVE SCHEDULE FOR THE NICARAGUAN RESISTANCE LEADERS

(Friedersdorf)

-- There needs to be an integrated approach to our overall Central American public strategy. The NSC staff will try to serve as the glue to pull these strings together. We will be looking to you to serve as the legislative coordinator and will provide whatever assistance you need. Chris Lehman will serve as our regular link to you on this.

-- Meanwhile, we have a very active series of public initiatives that we will be working in tandem with your efforts. (Background: The President asked Otto Reich to be the public diplomacy coordinator a year ago and he has built an effective staff to support this overall effort. His work has a domestic and foreign focus. And there is the "Faith Whittlesey" outreach effort which has brought the White House dimension into play.)

-- Pat (Buchanan) and Otto will be working closely to integrate all this effort. Pat's special focus will be the President's role but his experience is such that he can help in many ways. He has had two fruitful meetings with his ad hoc public communications working group which is dealing the upcoming vote on aid to the Nicaraguan resistance.

-- The Pat/Otto group will be meeting every two days, will be developing a dynamic action plan, and constantly updating it. They will link to you through Chris Lehman, to Larry Speakes through Bob Sims, and will have Ed Rollins, the speechwriters, and State present so we can provide real focus to the public diplomacy strategy necessary to win this one.

-- From my people who are participating in this effort, it appears that one of the problems has been an established focal point for scheduling appearances and appointments for the Nicaraguan resistance leaders who come to Washington.

-- As a consequence, the resistance leaders have accepted an offer by former Congressman Dan Kuykendall's Gulf and Caribbean Foundation to have the foundation provide organizational and secretarial-type support.

-- To the extent we are able, it would be useful if you could encourage members and their staffs who wish to talk to contact the resistance leaders to do so through Kuykendall's office [redacted]

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UNCLASSIFIED

N 40606

TALKING POINTS REGARDING PUBLIC DIPLOMACY IN CENTRAL AMERICA

(Buchanan)

-- Welcome your active role in the public diplomacy aspects of the Central American question, particularly concerning the buildup to the contra vote.

-- Would like to suggest that we divide the labor up somewhat as follows:

  - You take the lead on all White House involvement on this issue (be sure to tuck the effort underway with Bob Reilly under this).

  - Otto Reich take the lead on overall public diplomacy. He has a staff of 14 professionals and has been doing a strong job supporting the President. In effect, his staff can double as your staff.

-- Your proposal to have regular meetings (every couple of days) to keep this effort energized and coordinated is excellent. I would envisage that you and Otto would develop a co-chair. Ollie North and Walt Raymond would support both of you.

-- I would suggest that the Buchanan/Reich coordinating group include the following: You, Bob Reilly, Bob Sims, Walt Raymond, Ollie North, and Chris Lehman (as a link to the legislative effort), Ed Rollins, Otto Reich, Jonathan Miller (Reich's deputy), and Jim Michel (State Department Deputy Assistant Secretary for Latin America). This keeps the group lean, serious, and sharply focused. Other participants could be added if and when needed.

-- You may wish to have a scrub session with Walt, Ollie, and Otto to be sure all the wiring is in place.

-- Thanks for your help.

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10/3/85
9/12/85

UNCLASSIFIED

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

30ct85

EX21

7891

N 34288

October 3, 1985

UNCLASSIFIED
CONFIDENTIAL w/attachment

ACTION

MEMORANDUM FOR ROBERT C. MCFARLANE

FROM: OLIVER L. NORTH

SUBJECT: Letter from Congressman Hamilton re NSC Connection with Nicaraguan Resistance

Attached at Tab I is a letter from you to Congressman Hamilton responding to his questions forwarded in his letter at (Tab II).

Per our discussion, the responses are based on your earlier briefing before the committee on September 10, 1985.

This package should be reviewed in concert with SYSTEM I #7890 (Barnes) and #7913 (Durenberger and Leahy).

RECOMMENDATION

That you sign and forward your letter to Congressman Hamilton at Tab I.

Approve _____ Disapprove _____

Attachments
- Tab I - McFarlane ltr to Hamilton
- Tab II - Hamilton ltr to McFarlane of September 12, 1985 w/attachment

Partially Declassified/Released on 3FEB88
under provisions of E.O. 12356
by K. Johnson, National Security Council

5613

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CONFIDENTIAL w/attachment

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~~CONFIDENTIAL~~
UNCLASSIFIED

34289

THE WHITE HOUSE

WASHINGTON

UNCLASSIFIED
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Dear Mr. Chairman:

Please find attached responses to the questions posed by members of your committee and forwarded under your letter of September 12, 1985. Where requisite information was provided in my briefing of September 10, the response so indicates. I have classified the responses to preclude the unintentional disclosure of classified information or potential embarrassment to friendly governments in the region.

Sincerely,

Attachment

The Honorable Lee H. Hamilton
Chairman, Permanent Select Committee
on Intelligence
U.S. House of Representatives
Washington, D.C. 20515

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QUESTIONS AND ANSWERS

N 34290

Direction, Tactical Influence, and Advice to the Contras

Q-1 Both Adolfo Calero and Edgar Chamorro (Washington Post, 14 August 1985 and Miami Herald, 24 June 1985) have publicly state that Colonel North traveled to Honduras in the spring of 1984 to assure them that, despite Congressional opposition, the White House would "find a way to keep their movement alive." Also, they note that Colonel North met with them in June 1984. What was the purpose of Colonel North's visit to the FDN in April and June 1984?

A-1 As I noted in my briefing on September 10, Lieutenant Colonel North has traveled frequently to Central America to meet with those who our policy is designed to support, as well as those who are opposed to it. Lieutenant Colonel North did not travel to Honduras in April or June 1984. During a visit to Honduras in May 1984, Lieutentant Colonel North met with members of the Honduran Government and the Nicaraguan democratic resistance. He assured them that the Administration was committed to the cause of the democratic resistance and would, as the President had promised, go back to the Congress for resources to support a democratic outcome in Nicaragua.

Q-2 It has been alleged in the New York Times (8 Aug 85) that Colonel North was advised in advance of proposed rebel attacks and had offered the rebels advice and direction. Do you have any knowledge of whether this is true? A specific example was cited: an attack in July on a ferry boat that travels between Rama and Bluefields in southeastern Nicaragua. Do you have any knowledge of whether the NSC had advance information that attack was to take place?

A-2 The allegation that Lieutenant Colonel North offered the resistance tactical advice and direction is, as I indicated in my briefing, patently untrue.

Q-3 When the CIA had to withdraw from their day-to-day contact with the rebels, it has been alleged in the New York Times (8 Aug 85) that Colonel North tried to fill the void, partly through helping facilitate the supplying of logistics help. Did Colonel North, in his capacity as a staff member of the National Security Council, use his influence to facilitate the movement of supplies, either raised privately in this country or otherwise, to the contras?

A-3 Lieutenant Colonel North did not use his influence to facilitate the movement of supplies to the resistance.

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QUESTIONS AND ANSWERS (Cont'd...)
Direction, Tactical Influence, and Advice to the Contras

Q-4 A Nicaraguan exile leader is quoted in the New York Times (8 Aug 85) as stating that Colonel North was very important in coordinating efforts to reorganize and better coordinate the operations of the two main rebel groups, the FDN and the Democratic Alliance or the ARDE, and that he had met with rebel leaders in both countries. Is that an accurate statement?

A-4 As I indicated in my briefing and my earlier letter, the NSC has been actively engaged in urging the resistance to forge a representative political front involving credible non-military figures and that this front assume responsibility for framing a political program aimed at a democratic outcome in Nicaragua.

Q-5 There are allegations of some concern expressed by intelligence officials in the CIA that Colonel North may have been walking a dangerous line in his activities with the contras (New York Times, 10 Aug 85). Were such sentiments brought to your attention?

A-5 I am aware that unnamed intelligence officials have been quoted in the New York Times as being "concerned" about Lieutenant Colonel North's activities. No official of our intelligence community in any of our frequent meetings has ever taken the opportunity to address such a "concern."

Q-6 Adolfo Calero, President of the FDN and a leading figure in the new Unified Nicaraguan Opposition (UNO), the group which will receive the $27 million of humanitarian assistance, has stated publicly (Washington Post, 14 Aug 85) that he met a half a dozen times with Colonel North this spring. For what purpose did Colonel North meet so frequently with Mr. Calero?

A-6 As indicated above and in my briefing, Lieutenant Colonel North and others in the Administration, including the President and I, have met with Messrs. Calero, Cruz, and Robelo; leaders of the Indian opposition; and opposition figures from the Nicaraguan southern resistance front in order to better determine the course of our policy and to convey our concerns regarding human rights.

UNCLASSIFIED

QUESTIONS AND ANSWERS (Cont'd...)
Direction, Tactical Influence, and Advice to the Contras

Q-7 It has also been alleged that Colonel North had to travel to Honduras and meet with Honduran military leaders because apparently they were siphoning off supplies which were intended for the contras. As a result, the supply effort was switched from the civilian airport at Tegucigalpa to the military airfield at Palmerola. Did Colonel North undertake such a mission?

A-7 No.

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N 34293

0195

QUESTIONS AND ANSWERS

~~Facilitating~~ the Raising of Funds from Private Sources

Q-1 Has Colonel North been the focal point within the NSC staff for handling contacts with private fund raising groups, such as the World Anti-Communist League and the Council for World Freedom headed by retired Major General John K. Singlaub?

A-1 No.

Q-2 General Singlaub has stated (Washington Post, 9 Aug 85) that he would often talk to Colonel North and inform him what he was doing and then state that if it was a dumb idea, for North to send him a signal. Is that your impression of the relationship between General Singlaub and Colonel North?

A-2 There is no official or unofficial relationship between any member of the NSC staff regarding fund raising for the Nicaraguan democratic opposition. This includes the alleged relationship with General Singlaub.

Q-3 It is alleged (Miami Herald, 24 Jun 85), after a visit by Colonel North and a CIA official to the FDN in June 1984, that the CIA provided funds to publish ads in American newspapers to solicit private aid. Is that, in fact, what occurred?

A-3 To my knowledge, the CIA has never provided any funds for publishing any material in U.S. newspapers.

Q-4 Did Colonel North at any time during the frequent speeches and lectures that he has given around the country on the subject of Nicaragua, advise individuals on how they might donate money to the rebels as was alleged in the New York Times (8 Aug 85)?

A-4 No.

Q-5 It has been alleged in the Washington Post (11 Aug 85) that Colonel North has been particularly close to the leadership of the Citizens for America, an organization headed by Lewis Lehrman, and that Colonel North was in almost daily contact with the former executive director of that group and helped select contras for speaking engagements and tours within the United States organized by the Citizens for America during the April Congressional debates. Is that true?

A-5 No.

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N 34294

QUESTIONS AND ANSWERS (Cont'd...)
Facilitating the Raising of Funds from Private Sources

Q-6 General Singlaub has indicated (New York Times, 10 Aug 85) that, at one time, he had fairly frequent contact with individuals within the Department of Defense and other agencies concerning the Nicaraguan freedom fighters but, because of Congressional restriction, he didn't go near the Pentagon anymore. Why did he continue to deal with Colonel North?

A-6 You would have to inquire with General Singlaub as to why he chose not to be in contact with other departments or agencies. NSC contacts with General Singlaub were not unlike those with other concerned Americans who have an interest in our foreign policy. It should also be noted that Lieutenant Colonel North and other members of the NSC have also been in frequent contact with those who oppose our policy or who have differing views. Lieutenant Colonel North and others, in the course of their duties, have also met with the World Council of Churches, the National Council of Churches, the American Friends Service Committee, and other organizations which have expressed disfavor for our Central American policy.

Q-7 It has been alleged that Colonel North has been in close contact with Alvaro Rizzo, a former Somoza diplomat, who was a member of the Nicaraguan Development Council and also the Nicaraguan Refugee Fund, and that both Colonel North and another member of the NSC staff, Mr. Walter Raymond, met with Rizzo earlier this year to help set up the Nicaraguan Refugee Dinner which was held in April at which the President spoke. Were Colonel North and Mr. Raymond involved in helping set up this dinner?

A-7 Lieutenant Colonel North and Mr. Raymond coordinated the request for Presidential involvement in the Nicaraguan Refugee Fund dinner in the same manner that the NSC staff routinely coordinates other functions involving the President, such as the recent appearance before the INTERPOL conference.

Q-8 While Colonel North may not have had direct contact with paramilitary groups such as the CMA, Soldier of Fortune, and others, it is alleged that Colonel North used other members of the White House staff, to include his secretary, to communicate with these groups. Do you know anything about that?

A-8 This allegation is untrue.

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UNCLASSIFIED CONFIDENTIAL

QUESTIONS AND ANSWERS (Cont'd...)
Facilitating the Raising of Funds from Private Sources

Q-9 Has Colonel North been active with a group headed by Mr. Woody Jenkins of Louisiana known as the Friends of the Americas and has he assisted this group in obtaining transport for goods which they have provided to Nicaraguan refugees?

A-9 Friends of the Americas is a reputable, private, voluntary organization providing humanitarian assistance to Nicaraguan refugees. Our contacts with Friends of the Americas have been the same as those maintained with Knights of Malta, the Knights of Columbus, Project Hope, and other humanitarian organizations committed to easing human suffering. No assistance has been provided to this or other groups in obtaining transportation.

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N 34296

ANSWERS TO RELATED QUESTIONS

Q-1 The Associated Press reported that three foreign countries came to the White House in July 1984 and offered to provide assistance to the contras but without any quid pro quo. Is that true?

A-1 No.

Q-2 The Nicaraguan freedom fighters, in the last two months, are reported by the U.S. Embassy, Tegucigalpa, to have received a large influx of funds and equipment with some estimates of their value reaching as high as $10 million or more. Do you know where they have obtained this assistance?

A-2 No.

Q-3 Why was it necessary to have someone from the National Security Council staff in touch with the various contra groups? Couldn't this have been better handled in Central America by State Department representatives by CIA personnel who could have certainly maintained contact for the purposes of collecting information, which is what Deputy Press Secretary Speakes implied was the reason for Colonel North's contact?

A-3 The statutory function of the National Security Council is to advise the President with respect to the integration of domestic, foreign, and defense policies related to the national security of the United States. The Council has the responsibility to assess and appraise the objectives of the United States on matters of common interest to the departments and agencies of the government, and to make such recommendations and such reports to the President as it deems appropriate or as the President may require. It is the responsibility of the NSC staff to facilitate this process. Thus, it follows that NSC staff members must be in contact with a wide range of groups, movements, and individuals who are affected by our policies.

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N 34297

ANSWERS TO RELATED QUESTIONS (Cont'd...)

Q-4 The Washington Post reported (28 Aug 85) that according to leaders of Misura, the main coalition of the Indians fighting the Sandinista government, Central Intelligence Agency personnel brokered two agreements this year on how the insurgent groups should divide supplies which had been privately raised. To your knowledge, was the CIA involved in brokering this agreement? Was any NSC official? Any other U.S. official?

A-4 As indicated above, we have actively encouraged a broad based political unity movement within the Nicaraguan democratic opposition. The opposition includes the various Indian and Creole factions -- now unified as KISAN -- headed by their newly elected coordinator, Wycliffe Diego. However, the Washington Post (28 Aug 85) article to which you made reference is without basis in fact.

Q-5 You have been quoted as saying that the role of the NSC staff was to collect information and to offer encouragement to the contras. How do you distinguish between that and the provision of advice and assistance in raising funds?

A-5 I believe that my briefing to your committees on September 10, adequately explained how I distinguish between collecting information and offering encouragement and the issues of advice, assistance, and fund raising.

Q-6 Why didn't you come to the Congress when this relationship began and inform us that there would be high-level contacts but they were for the purpose of "collecting information and keeping the faith"?

A-6 As indicated in my response to Question 3 above, it is my responsibility to keep the President adequately informed on a broad range of national security issues. In carrying out this responsibility, my staff is appropriately in contact with various entities, both governmental and otherwise around the world. You, your colleagues, and Congressional staff members likewise have private contacts and channels of communication which assist you in carrying out your responsibilities. I do not believe that the constitutional separation of powers between the Executive and Legislative branches of our government would be well served by requiring that the Congress be informed of all such contacts maintained by the NSC, any more than the Executive should demand that it be apprised of similar Congressional activities.

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U.S. HOUSE OF REPRESENTATIVES
PERMANENT SELECT COMMITTEE
ON INTELLIGENCE
WASHINGTON, DC 20515

N 34298

September 12, 1985

Honorable Robert C. McFarlane
Assistant to the President for
National Security Affairs
The White House
Washington, D. C. 20500

Dear Mr. McFarlane:

At our meeting Tuesday, you agreed to answer written questions submitted by Members of the Committee concerning allegations about the activities of Lieutenant Colonel Oliver North of your staff. Enclosed are questions that have been submitted by Members of the Committee.

The Committee appreciates your willingness to discuss this matter and to respond to these questions.

With best wishes, I am

Sincerely yours,

Lee H. Hamilton
Chairman

Enclosure

UNCLASSIFIED

QUESTIONS UNCLASSIFIED

N 34299

Direction, Tactical Influence, and Advice to the Contras

1. Both Adolfo Calero and Edgar Chamorro (Washington Post, 14 August 1985 and Miami Herald, 24 June 1985) have publicly stated that Colonel North traveled to Honduras in the spring of 1984 to assure them that, despite Congressional opposition, the White House would "find a way to keep their movement alive." Also, they note that Colonel North met with them in June 1984. What was the purpose of Colonel North's visit to the FDN in April and June 1984?

2. It has been alleged in the New York Times (8 Aug 85) that Colonel North was advised in advance of proposed rebel attacks and had offered the rebels advice and direction. Do you have any knowledge of whether this is true? A specific example was cited: an attack in July on a ferry boat that travels between Rama and Bluefields in southeastern Nicaragua. Do you have any knowledge of whether the NSC had advance information that attack was to take place?

3. When the CIA had to withdraw from their day-to-day contact with the rebels, it has been alleged in the New York Times (8 Aug 85) that Colonel North tried to fill the void, partly through helping facilitate the supplying of logistics help. Did Colonel North, in his capacity as a staff member at the National Security Council, use his influence to facilitate the movement of supplies, either raised privately in this country or otherwise, to the contras?

UNCLASSIFIED

4. A Nicaraguan exile leader is quoted in the New York Times (8 Aug 85) as stating that Colonel North was very important in coordinating efforts to reorganize and better coordinate the operations of the two main rebel groups, the FDN and the Democratic Revolutionary Alliance or ARDE, and that he had met with rebel leaders in both countries. Is that an accurate statement?

5. There are allegations of some concern expressed by intelligence officials in the CIA that Colonel North may have been walking a dangerous line in his activities with the contras (New York Times, 10 Aug 85). Were such sentiments brought to your attention?

6. Adolfo Calero, President of the FDN and a leading figure in the new Unified Nicaraguan Opposition (UNO), the group which will receive the $27 million of humanitarian assistance, has stated publicly (Washington Post, 14 Aug 85) that he met a half a dozen times with Colonel North this spring. For what purpose did Colonel North meet so frequently with Mr. Calero?

7. It has also been alleged that Colonel North had to travel to Honduras and meet with Honduran military leaders because apparently they were siphoning off supplies which were intended for the contras. As a result, the supply effort was switched from the civilian airport at Tegucigalpa to the military airfield at Palmerola. Did Colonel North undertake such a mission?

QUESTIONS UNCLASSIFIED

Facilitating the Raising of Funds from Private Sources

1. Has Colonel North been the focal point within the NSC staff for handling contacts with private fundraising groups, such as the World Anti-Communist League and the Council for World Freedom headed by retired Major General John K. Singlaub?

2. General Singlaub has stated (Washington Post, 9 Aug 85) that he would often talk to Colonel North and inform him what he was doing and then state that if it was a dumb idea, for North to send him a signal. Is that your impression of the relationship between General Singlaub and Colonel North?

3. It is alleged (Miami Herald, 24 Jun 85), after a visit by Colonel North and a CIA official to the FDN in June 1984, that the CIA provided funds to publish ads in American newspapers to solicit private aid. Is that, in fact, what occurred?

4. Did Colonel North at any time during the frequent speeches and lectures that he has given around the country on the subject of Nicaragua, advise individuals on how they might donate money to the rebels as was alleged in the New York Times (8 Aug 85)?

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-2- UNCLASSIFIED N 34302

5. It has been alleged in the Washington Post (11 Aug 85) that Colonel North has been particularly close to the leadership of the Citizens for America, an organization headed by Lewis Lehrman, and that Colonel North was in almost daily contact with the former executive director of that group and helped select contras for speaking engagements and tours within the United States organized by the Citizens for America during the April Congressional debates. Is that true?

6. General Singlaub has indicated (New York Times, 10 Aug 85) that, at one time, he had fairly frequent contacts with individuals within the Department of Defense and other agencies concerning the Nicaraguan freedom fighters but, because of the Congressional restriction, he didn't go near the Pentagon anymore. Why did he continue to deal with Colonel North?

7. It has been alleged that Colonel North has been in close contact with Alvaro Rizzo, a former Somoza diplomat, who was a member of the Nicaraguan Development Council and also the Nicaraguan Refugee Fund and that both Colonel North and another member of the NSC staff, Mr. Walter Raymond, met with Rizzo earlier this year to help set up the Nicaraguan Refugee Dinner which was held in April at which the President spoke. Were Colonel North and Mr. Raymond involved in helping set up this dinner?

8. While Colonel North may not have had direct contact with paramilitary groups such as CMA, Soldier of Fortune and others, it is alleged that Colonel North used other members of the White House staff, to include his secretary, to communicate with these groups. Do you know anything about that?

UNCLASSIFIED

9. Has Colonel North been active with a group headed by Mr. Woody Jenkins of Louisiana known as the Friends of the Americas and has he assisted this group in obtaining transport for goods which they have provided to Nicaraguan refugees?

UNCLASSIFIED

RELATED QUESTIONS

1. The Associated Press reported that three foreign countries came to the White House in July 1984 and offered to provide assistance to the contras but without any quid pro quo. Is that true?

2. The Nicaraguan freedom fighters, in the last two months, are reported by the U.S. Embassy, Tegucigalpa to have received a large influx of funds and equipment with some estimates of their value reaching as high as $10 million or more. Do you know where they have obtained this assistance?

3. Why was it necessary to have someone from the National Security Council staff in touch with the various contra groups? Couldn't this have been better handled in Central America by State Department representatives by CIA personnel who could have certainly maintained contact for the purposes of collecting information, which is what Deputy Press Secretary Speaks implied was the reason for Colonel North's contact?

4. The Washington Post reported (28 Aug 85) that according to leaders of Misura, the main coalition of the Indians fighting the Sandinsta government. Central Intelligence agency personnel brokered two agreements this year on how the insurgent groups should divide supplies which had been privately raised. To your knowledge, was the CIA involved in brokering this agreement? Was any NSC official? Any other U.S. official?

UNCLASSIFIED

5. You have been quoted as saying that the role of the NSC staff was to collect information and to offer encouragement to the contras. How do you distinguish between that and the provision of advice and assistance in raising funds?

6. Why didn't you come to the Congress when this relationship began and inform us that there would be high-level contacts but they were for the purpose of "collecting information and keeping the faith"?

UNCLASSIFIED

EXHIBIT #24
Ex22
NSC/ICS [illegible]
13 Jul 83

THE WHITE HOUSE
WASHINGTON

SECRET

July 13, 1983

MEMORANDUM FOR THE HONORABLE WILLIAM J. CASEY
The Director of Central Intelligence

SUBJECT: Increased Funding Level for Nicaraguan/[redacted] Covert Action Program (S)

Your Memorandum of Notification, dated June 25, 1983, requesting an increased funding level for the Nicaraguan Covert Action Program is approved. (S)

FOR THE PRESIDENT:

William P. Clark

cc: The Secretary of State
The Secretary of Defense

5615

Partially Declassified/Released on 7Feb88
under provisions of E.O. 12356
by K. Johnsen, National Security Council

SECRET
Declassify on: OADR

UNCLASSIFIED
SECRET

UNCLASSIFIED

NSC/ICS-400499

N 43661

THE WHITE HOUSE
WASHINGTON

~~SECRET~~

MEMORANDUM FOR THE HONORABLE WILLIAM J. CASEY
The Director of Central Intelligence

SUBJECT: Increased Funding Level for Nicaraguan [redacted] Covert Action Program (S)

Your Memorandum of Notification, dated June 25, 1983, requesting an increased funding level for the Nicaraguan Covert Action Program is approved. (S)

The President has deferred approval of your request to increase further the Nicaraguan resistance forces until we have available a detailed projection of the long term goals/objectives and costs for these forces. This report should also include an assessment of how this increase relates to the key judgments and implications of NIE 83.3-83. (S)

FOR THE PRESIDENT:

William P. Clark

cc: The Secretary of State
The Secretary of Defense

~~SECRET~~
Declassify on: OADR

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UNCLASSIFIED

N 43662

UNCLASSIFIED

UNCLASSIFIED

N 43663

~~SECRET~~

ROUTING

To	Name and Address	Date	Initials
1	The President		
2			
3			
4			
5			
6			

☐	ACTION	☐	FILE
☐	APPROVAL	☐	INFORMATION
☐	COMMENT	☐	PREPARE REPLY
☐	CONCURRENCE	☐	RECOMMENDATION
☐	DIRECT REPLY	☐	RETURN
☐	DISPATCH	☐	SIGNATURE

REMARKS:

NSC/ICS CONTROL NO. 400499

COPY NO. ______ OF ______

(CIA ER 83-2861 - Original)

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NSC INTELLIGENCE DOCUMENT

Warning Notice

Intelligence Sources and Methods Involved

NATIONAL SECURITY INFORMATION

Unauthorized Disclosure Subject to Criminal Sanctions

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~~SECRET~~

N 43664
CIA ER 83-2861
Cy # 1

MEMORANDUM OF NOTIFICATION

25 June 1983

MEMORANDUM FOR: Members of the National Security Planning Group

SUBJECT : Request for Increased Funding Level

REFERENCE : Presidential Finding on Nicaragua dated 1 December 1981

1. PROPOSAL: The Central Intelligence Agency requests an increase in the authorized funding level for the program authorized by the 1 December 1981 Presidential Finding [redacted]

2. BACKGROUND: On 1 December 1981 President Reagan signed a Presidential Finding on Nicaragua authorizing the Agency to support and conduct [redacted] paramilitary operations against Nicaragua [redacted]

4. DEADLINE: Please forward written concurrence or non-concurrence and any desired comments concerning the proposed action to the Assistant to the President for National Security Affairs within five working days after date of receipt by your office. The Assistant to the President for National Security Affairs is requested to advise the Director of Central Intelligence by memorandum of NSPG concurrence or non-concurrence.

UNCLASSIFIED

N 43665

UNCLASSIFIED

United States Department of State
Washington, D.C. 20520

~~SECRET~~/SENSITIVE [redacted]

July 6, 1983

MEMORANDUM FOR: Mr. Walt Raymond
Special Assistant to the President
National Security Council

SUBJECT: Request for Increased Funding Level for Nicaragua Covert Action Program

The Acting Secretary of State has approved the Memorandum of Notification Request for Increased Funding Level for Nicaragua Covert Action program dated ~~25 June 1983~~. State, however, believes drawing the requested [redacted] should be deferred until deliberations on pending ~~legislation~~ are completed.

Dennis Kux
Deputy Assistant Secretary
for Coordination
Bureau of Intelligence & Research

~~SECRET~~/SENSITIVE [redacted]
DECL: OADR

INC 83-911

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N 43667

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THE SECRETARY OF DEFENSE
WASHINGTON, THE DISTRICT OF COLUMBIA

N 43668

8 JUL 1983

b1 1,1

MEMORANDUM TO THE ASSISTANT TO THE PRESIDENT FOR NATIONAL SECURITY AFFAIRS

SUBJECT: Memorandum of Notification, 25 June 1983: Nicaragua/[redacted] (S)

(S) I concur in the Memorandum of Notification (MON) to increase by [redacted] the FY83 funding of the activities authorized under the 1 December 1981 Presidential Finding.

Cap

[redacted]

Classified by: SecDef
Declassify on: OADR

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N 43669

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~~SECRET~~ 0

CIA ER 83-2861

ROUTING

To	Name and Address	Date	Initials
1	Mr. DeGraffenreid Rm 300, NSC Staff		
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6			

	ACTION		FILE
	APPROVAL		INFORMATION
	COMMENT		PREPARE REPLY
	CONCURRENCE		RECOMMENDATION
	DIRECT REPLY		RETURN
	DISPATCH		SIGNATURE

REMARKS:

1 Cy sent direct to Defense, Maj Gen Smith
1 Cy Sent direct to State, Mr. Montgomery

NSC/ICS CONTROL NO. ________

COPY NO. ____ OF ____

Copy 1, 2 and 5 thru 10.

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N 43671

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[redacted]

NOTE.—This sheet to be retained in Originator's suspense file until receipt has been
ned and returned; then this sheet should be destroyed.

FIED MATERIAL RECEIPT

[redacted]

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Central Intelligence Agency

Washington, D.C. 20505

N 43672

27 June 1983

[redacted]

NOTE FOR: Mr. Kenneth DeGraffenreid
Director, Intelligence Programs
National Security Council

The attached Memorandum of Notification: "Increased Funding Level for Nicaragua/[redacted] Covert Action Program" is forwarded for necessary action.

Thomas B. Cormack
Thomas B. Cormack
Executive Secretary

Attachment:
Memorandum of Notification

CL BY [redacted]
DECL OADR

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~~SECRET~~ UNCLASSIFIED ~~SECRET~~

N 43673

NATIONAL SECURITY COUNCIL

July 12, 1983

MEMORANDUM FOR ADMIRAL MURPHY VR

FROM: KENNETH deGRAFFENREID Kd
(x3334)

Attached are two MONs for the Vice President. Since I am the new head of the Intelligence Directorate at the NSC, Bud McFarlane has asked that I meet with you today, if possible, to review procedures for obtaining the Vice President's comments and concurrence on all NSPG covert action and MONs. I am available this afternoon, at your convenience.

[redacted]

Attachments
a/s

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[redacted]

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ROUTING

To	Name and Address	Date	Initials
1	The Vice President		
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REMARKS:

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ROUTING

To	Name and Address	Date	Initials
1	Edwin Meese III		
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	DISPATCH		SIGNATURE

REMARKS:

NSC/ICS CONTROL NO. 400499

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ROUTING

To	Name and Address	Date	Initials
1	James A. Baker, III		
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REMARKS

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ROUTING

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ROUTING

To	Name and Address	Date	Initials
1	Robert C. McFarlane		
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REMARKS

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N 43678

NSC/ICS CONTROL NO. 400499 ~~(Add-on)~~

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National Security Council
The White House

Package# [illegible]

N 43679

	SEQUENCE TO	HAS SEEN	ACTION
John Poindexter			
Bud McFarlane	1	M	A
Jacque Hill			
Judge Clark			
John Poindexter			
Executive Secretary	/		
Situation Room	1		
LAM	2		R

I-Information [✓ A-Action] R-Retain D-Dispatch N-No further Ac

DISTRIBUTION

cc: VP Meese Deaver Other ____________

COMMENTS

7/15
orig to CA/Nic file
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NSC/ICS-400499
(Add-on)

N 43630

MEMORANDUM

NATIONAL SECURITY COUNCIL

~~SECRET~~/SENSITIVE July 13, 1983

ACTION

MEMORANDUM FOR ROBERT C. McFARLANE

FROM: KENNETH deGRAFFENREID
OLIVER L. NORTH

SUBJECT: Memorandum of Notification on Nicaragua

In connection with the [redacted] MON on Nicaragua, Walt Raymond has suggested that you might want to call Ken Robinson and Bill Young and advise them that we will be sending up a reserve release imminently so that they do not get caught by surprise. Both committees are already aware at the staff level at least that the program will increase to [redacted] The only issue is when they receive the advisory note of the additional [redacted] commitment and the relationship of that advisory note to the Zablocki-Boland floor debate. Such a telecon would give Robinson/Young an opportunity to express any concern, and for you to make further suggestions on how this issue affects our legislative strategy.

Recommendation

That you telephone Ken Robinson and Bill Young.

Approve ________ Disapprove RCM

cc: Al Sapia-Bosch
Walt Raymond

Surely CIA can do that. Anyway they ought to do it today

~~SECRET~~/SENSITIVE
Declassify on: OADR

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N 43681

National Security Council
The White House

Package# 400499

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John Poindexter	1		
Bud McFarlane			
Jacque Hill			
Judge Clark			
John Poindexter			
Executive Secretary			
Situation Room			
V 421/ICC4	2		D

I-Information [✓ A-Action] R-Retain D-Dispatch N-No further Action

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cc: VP Meese Deaver Other ______________

RCM

COMMENTS

Possible FOR 0930 TUESDAY 7/12

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ROUTING

To	Name and Address	Date	Initials
1	William P.. Clark		
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	CONCURRENCE		RECOMMENDATION
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REMARKS:

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N 43682

NSC/ICS CONTROL NO. 400499

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NSC/ICS-4004

MEMORANDUM

NATIONAL SECURITY COUNCIL

~~SECRET~~

July 11, 1983 N 43683

ACTION

MEMORANDUM FOR WILLIAM P. CLARK

FROM: KENNETH deGRAFFENREID
AL SAPIA-BOSCH
OLIVER L. NORTH

SUBJECT: Increased Funding Level for Nicaraguan/[redacted] Covert Action

Attached at Tab II is a Memorandum of Notification on the Nicaraguan covert action finding. The MON requests an additional [redacted] from the Agency's reserve for contingencies for FY 1983 in order to defray costs of increased activities and because of heavy expenditures during [redacted] of FY 1983. If approved, this would bring the total funding level for FY 1983 to [redacted]. This is the second MON requesting additional monies for FY 1983. This MON reflects support for continuation of activities approved in the Presidential Finding of December 1, 1982, and mandated in NSDD 82.

State (Tab III) and DoD (Tab IV) have concurred in the MON. We have also coordinated with OMB. The State concurrence (Tab III includes the statement that "State believes drawing the requested [redacted] should be deferred until deliberations on pending legislation are completed." Hugh Montgomery at State informs us that this is a "suggestion." However, for the following reasons, we believe that you should approve the MON request without delay:

1. The legislative strategy for Central America is set and continuing apace.

2. The money is for FY 1983 and is to be drawn from the reserve for contingency.

3. Although the full House likely will act on Boland/Zablocki, etc., before the end of July, delaying this MON is unlikely to win us further support: those against will continue against.

4. It is important as a signal of strength and purpose that we let the opposition on the Hill know that we believe in and intend to continue to pursue this program until such time as the full Congress successfully votes to stop it.

~~SECRET~~
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Your memorandum to Director Casey at Tab I approves the monies requested in the MON. It also notes that decision on the DCI's verbal request to enlarge the resistance forces to [redacted] has been deferred pending:

- an analysis of the longer term goals/objectives/costs for these forces, and

- an assessment of how the proposed force level relates to the key judgments and implications of NIE 83.3-83, Nicaragua: The Outlook for the Insurgency.

We believe that this evaluation is essential if we are to properly employ these forces. This process has already started and can be completed in the next 10-14 days.

Recommendations

That you brief this MON to the President at the 0930, Tuesday, July 12, 1983.

Approve ________ Disapprove ________

That you sign the attached memorandum (Tab I) informing the DCI of the President's decision.

Approve ________ Disapprove ________

Walt Raymond concurs.

Attachments

Tab I	Memorandum to the DCI for Signature
Tab II	Memorandum of Notification, June 25, 1983
Tab III	Department of State Concurrence
Tab IV	Department of Defense Concurrence
Tab V	Copies of MON for White House NSPG Members

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NOTE FROM: JOHN POINDEXTER
Subject: CENTRAL AMERICA PUBLIC DIPLOMACY
I agree and think that is about the right group. Proceed.

Exhibit 35
9-24-87

N 12589

8/26/86

FILE: 1NG06 [redacted] 10 WHITE HOUSE COMMUNICATIONS AGENCY PAGE 133

cc: NSOLG --CPUA OLLIE NORTH

CENTRAL AMERICA PUBLIC DIPLOMACY
NSG FROM: NSWR --CPUA TO: NSJMP --CPU. 08/26/86 18:45:16
To: NSJMP --CPUA

*** Reply to note of 07/31/86 19:34
NOTE FROM: Walter Raymond
Subject: CENTRAL AMERICA PUBLIC DIPLOMACY
As a follow-up Peter Dailey invited me to breakfast. I thought the memo was excellent but he did not feel that it totally filled the bill. What he thought was missing was the immediacy of the problem from the American domestic perspective. He believes that we are operating with a relatively narrow window in which to turn around American perceptions re Centam--and particularly Nic--or we will be shoved up by Congress. We discussed the obvious, which is part of our strategy, including such things as: the need to convince people of the key importance of Centam to our national security; the need to glue white hats on our team etc. The themes are those we have pressed although he believes we could change the dialogue away from contras to democrats; emphasize the need for a free and open vote etc. Nothing really new here. The key difference is that he thinks we should run it more like a political/presidential campaign. We need to strengthen our ability to reach out. Names like Rollins, Wedziger and so were thrown around as the kinds of resources one needs to tap.

Later in talking to Ollie and Bob Kagan we focussed on what is missing and that is a well-funded, independent outside group--remember the Committee for the Present Danger--that would mobilize people. Peter suggested 10 or 12 very prominent bipartisan Americans. Added to this would need to be a key action officer and a 501-c-3 tax-exempt structure. It is totally understanding that such a structure is needed and also totally understanding why, for discreet political reasons, it was not included in the memo to Bill Casey. I told Pete he was right but we need "a horse" and money!

I have chatted on the margins to both Cliff White and Dave Miller about this and they both have organizational and conceptual ideas. My recommendation is that after Labor Day when everyone is back in the city that a meeting take place with the following people present: Peter Dailey, Cliff White, Dave Miller, Elliot Abrams, Bob Kagan, Ollie North and myself. The results of that meeting would be the basis for charting the next step in this area. Do you agree? Do you recommend additions or deletions to the group? At any rate, the regular public diplomacy work will continue to proceed along and with vigor.

cc: NSOLG --CPUA

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Partially Declassified/Released on 9 July 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

2049

JMP 4/133(7)

Exhibit 34
7-24-87

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8/7/86
6/16/86
5/23/86

National Security Council
The White House

FEB 26 1987
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System # IV N 16798
Package # 40104
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Bob Pearson			
Grant Green			
Colin Powell			
Paul Thompson			
Frank Carlucci			
Situation Room			
NSC Secretariat			
REGER	1		I

I = Information A = Action R = Retain D = Dispatch N = No Further Action

cc: VP Regan Buchanan Other ______

COMMENTS Should be seen by: ______
(Date/Time)

Partially Declassified/Released on 9 July 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

2047

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	Name and Address	Date	Initials
1	BRENDA REGER	2/20	BSR
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REMARKS:

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N 16799

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

5340

~~SECRET~~

ACTION

August 7, 1986

N 16000

MEMORANDUM FOR JOHN M. POINDEXTER

FROM: WALTER RAYMOND, JR.

SUBJECT: Central American Public Diplomacy

In response to your PROF note, I have prepared a memorandum for you to send to Bill Casey (Tab I). Peter Dailey had a very good meeting with my Thursday morning group on August 7, and I think he can be very helpful as a adviser to this group. I do not think it is necessary to revise the current structure. As I told you in my earlier PROF note, I think the structure is in place, but it constantly needs to be energized. I do this on a regular basis. But having Peter Dailey available in Washington will be an enormously useful asset during this next year while we implement the $100 million in Contra aid. I would propose to have him meet with the group periodically to critique and review programs and processes, to work closely with Bob Kagan, the Interagency Central American Public Diplomacy coordinator, and to help coordinate private sector activities such as funding that currently cannot be done by either CIA or State.

RECOMMENDATION

That you sign the memorandum at Tab I to Bill Casey.

Approve ________ Disapprove ________

Ollie North, Ray Burghardt, ~~and~~ Vince Cannistraro concur. VC

Attachments

Tab I Memo to Casey
 Tab A Public Diplomacy Planning

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THE WHITE HOUSE
WASHINGTON

~~SECRET~~

MEMORANDUM FOR THE HONORABLE WILLIAM J. CASEY
The Director of Central Intelligence

N 16 01

SUBJECT: Central American Public Diplomacy (U)

I have looked into the question of our overall public diplomacy effort concerning Central America. A great deal of hard and effective work is being done. It is clear we would not have won the House vote without the painstaking deliberative effort undertaken by many people in the government and outside. (S)

The departure of Otto Reich has not resulted in any reduction of effort. His public diplomacy coordination office (LPD) has continued. Although the independent office was folded into Elliott Abrams' bureau, the White House has sent a clear tasker to the community that this limited reorganization in no way reflected a dimunition of activities. On the contrary, the same interagency responsibilities are being exercised, and the group reports directly to the NSC. It continues to be one of the few offices in the government that is staffed by a truly interagency team, including representatives from State, USIA, AID, and Defense. The office chief is Bob Kagan, who is a young, bright and effective operator. In reality, the reorganization also means that Elliott Abrams plays a strong public diplomacy role, and in this way we have harnessed one of the best public diplomacy assets that we have in the government. (S)

There is a weekly Central American public diplomacy meeting which takes place in the Old EOB, chaired by Walt Raymond, and which includes not only the four organizations noted above but also the White House Press Office and Public Liaison Office, a representative from CIA's Central American Task Force, and key NSC Staffers. This group takes its policy guidance from the Central American RIG and pursues an energetic political and informational agenda. The group seeks to focus both on domestic public issues as well as the informational battle in Europe and Latin America. It generates requirements for major publication efforts. I will have the NSC Staff send you a package of some of the more recent publications. The group also works closely with the concerned legislative offices to be supportive in terms of the Congres-

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sional debate and in a practical way it deals with a number of on-going daily issues. As an example, issues the group dealt with last week included:

-- Steps to undertake EC support to Nicaragua;

-- Trips of U.S. and/or foreign persons to Nicaragua for the purpose of [redacted] greater foreign awareness of developments in Nicaragua;

-- Development of programs to publicize religious repression in Nicaragua;

[redacted]

-- Steps to strengthen the El Salvador public diplomacy effort. (S)

There is a comprehensive public diplomacy action plan for Latin America in Europe, and I am attaching a copy for you. This plan is monitored very actively by the LPD office, and periodic reports of activity are provided to the NSC. (S)

While this group ensures that the issue remains a high priority public diplomacy goal, I share your view that this program can certainly benefit by the professional skill and insight of Peter Dailey, and I am delighted that he is in Washington and available to provide time to help this effort. Peter met with the Thursday morning interagency group on August 7. It provided him an opportunity to hear first hand from the action officers and be briefed on their current programs. The exchange was useful, and Peter has committed himself to meet periodically with this group to help strengthen their effort. Bob Kagan, the interagency coordinator, will seek Dailey's counsel on a regular basis and will bring Elliott Abrams into this process. (S)

Peter underscored that the Nicaraguan issue remains a matter of great urgency and that the next year is critical. We must show progress both in Central America, but also in the eyes of the world community, if we are to sustain and support the democratic forces in Nicaragua. It will be necessary to "frontload" our public diplomacy on this subject so that we can strengthen our international support and change attitudes concerning this program. Certain themes that he recommended at the first meeting will be given serious consideration by the working group. One special area of importance concerns generating private sector support and funding. His assistance in this area would be of greatest importance. (S)

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In summary, the public diplomacy community is hard at work and, I think properly focussed. Peter Dailey's input can be very valuable in energizing this effort, and we certainly intend to take advantage of his presence to strengthen and diversify the thrust of this program. (S)

N 16803

Attachments

Tab A	Public Diplomacy Planning

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F-C5N [illegible]

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

~~CONFIDENTIAL~~

June 16, 1986

MEMORANDUM FOR NICHOLAS PLATT
Executive Secretary
Department of State

N 16204

JAMES F. LEMON
Executive Secretary
Department of Defense

RICHARD MEYER
Executive Secretary
Agency for International Development

RONALD J. POST
Acting Chief of the Executive Secretariat
U.S. Information Agency

SUBJECT: Public Diplomacy Plan for Central America (U)

The NSC Staff approves the Public Diplomacy Plan submitted by the Department of State on this subject. We note that there has been considerable progress in the realization of our public diplomacy goals concerning Central America among European audiences. We must, however, continue to emphasize our comprehensive policy towards Central America at the same time that we focus on the specific question of Nicaragua. (C)

There is a need to maintain this as a high priority of our missions Europe and Latin America. The opposition is engaged in an intensive propaganda effort to sustain their point of view in these areas, and our activity must be at a high level to gain support for our policies. In addition to the continued provision of important materials to the field missions, we must keep up a flow of speakers to the target areas. We must also seek to utilize, as much as possible, Central American spokesmen to speak on their own behalf in Latin America and Europe. Posts in Europe and Latin America should find ways to encourage locals to travel to Central America to gain on-the-ground knowledge of what is happening. (C)

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The limited reorganization of the SLPD function should in no way suggest any dimunition of effort. (C)

The NSC requests a status report of activities undertaken to implement the action plan by August 31, 1986. (U)

N 16805

Rodney B. McDaniel
Executive Secretary

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United States Department of State

Washington, D.C. 20520

May 23, 1986

~~CONFIDENTIAL~~ UNCLASSIFIED

N 16006

MEMORANDUM TO VADM JOHN M. POINDEXTER
THE WHITE HOUSE

SUBJECT: Public Diplomacy Plan for Explaining U.S. Central American Policy in Europe and Latin America

The Department submits herewith a public diplomacy plan for explaining U.S. Central American policy to Latin Americans and Europeans. Parts of the plan focus on explaining those same policies to international political organizations such as the Socialist International, the International Democrat Union, and the Christian Democrats.

Nicholas Platt

Nicholas Platt
Executive Secretary

Attachment:
Public Diplomacy Plan

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PUBLIC DIPLOMACY PLAN
FOR EXPLAINING U.S. CENTRAL AMERICAN POLICY
IN EUROPE AND LATIN AMERICA

N 16107

BACKGROUND

The Sandinistas came to power in July 1979 in a coalition with genuine democrats. However, within weeks the Sandinista National Liberation Front (FSLN) began a pattern of actions reflecting a betrayal of the revolution: internal repression of genuine democrats and of non-communist institutions such as religious organizations; aggression against fellow Latin American countries through armed subversion; ties with terrorist organizations in Latin America, the Middle East, and Europe; and a military buildup supported by the Soviet bloc and Cuba. That pattern continues today.

Under President Reagan, a balanced U.S. policy has been followed in Central America. It contains four mutually reinforcing elements:

1. Encouragement of democracy;
2. Economic aid to improve living conditions;
3. Active diplomacy for realistic political solutions;
4. Security assistance to give the people of Central America the means to defend themselves against expanded Soviet-bloc/Cuban/Nicaraguan subversion or armed aggression.

Much progress has been made in four of the five Central American countries since 1981: Costa Rica, Honduras, El Salvador, and Guatemala are democratic and are steadily strengthening their democratic institutions. The U.S. Congress has year by year provided support for the President's policy through increasing appropriations for economic and security assistance (total amounts by fiscal year 1983--$513 million; 1984--$939 million; 1985--$951 million; 1986--$1,014 million).

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GOALS

-- To convince audiences in Central and South America (particularly the Contadora and Contadora Support Group countries) and in Europe that U.S. policy toward Central America is balanced, workable, and the best alternative possible.

-- To convince audiences in Latin America and Europe that the Nicaraguan democratic resistance has a cohesive and credible political program and that it is a viable, democratic force worthy of the support of the U.S. and other democratic nations.

-- To demonstrate to audiences in Latin America and Europe that the Sandinistas support international terrorism and that Sandinista external subversion threatens the nascent democracies in neighboring countries.

-- To demonstrate that the Sandinistas consciously and systematically violate human rights.

-- To convince audiences in Latin America and Europe that the United States seeks only that the Sandinistas deliver on their promises of 1979 to the Organization of American States; that we believe that the best way to do this is for the Sandinistas to engage in dialogue with the opposition; that the Contadora process, if it can meet our three requirements that it be comprehensive, simultaneous, and verifiable, is an alternative we can support.

-- To demonstrate to audiences in Latin America and Europe how Sandinista ties to Cuba and the Soviet Union adversely affect U.S. and their own national security interests.

-- To persuade the internationals (Socialist International, Christian Democrats, International Democrat Union, etc.) to speak out on their concern for civil and human rights in Nicaragua, Sandinista intervention in neighboring countries, and Sandinista ties with international terrorists; and to encourage the internationals to oppose aid to the Sandinistas for the same reasons.

-- To counter Sandinista disinformation activities with facts.

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ADDITIONAL GOALS IN LATIN AMERICA N 16000

-- To convince the countries of Central America that the United States shares their political and economic goals and can be counted upon to stick with them for the long haul (the U.S. is a reliable ally).

-- To persuade Central American government, political, church, and labor leaders to be more active in telling the Central American story in Europe, South America, Mexico, and the Caribbean.

ADDITIONAL GOAL IN EUROPE

-- To convince European publics that the U.S. is responding in a constructive manner to the desires of Central American nations for political and economic reform.

THEMES

-- Stress positive aspects (economic development, promotion of democracy, security) of U.S. policy in Central America.

-- Set record straight on U.S. policy toward negotiations with Nicaragua and on Contadora, including Nicaraguan refusal to negotiate a comprehensive agreement and U.S. aid to the Nicaraguan resistance.

-- Emphasize democratic background and objectives of the Nicaraguan resistance, while reiterating totalitarian nature of the Sandinista regime. Point out militaristic and undemocratic Sandinista educational system; exploit existence of neighborhood committees and internal repression. Remind audiences of Sandinista efforts to crush internal opponents, especially the Catholic Church, political parties, and labor unions not controlled by the government. Focus on new Nicaraguan constitution when it is unveiled by the Sandinistas and on totally controlled process in which constitution will be subjected to "public discussion."

-- Reemphasize progress and successes in El Salvador, while publicizing the destructive and totalitarian nature of the Salvadoran guerrillas.

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-- Explain that the United States supports those people and governments who are furthering the democratic process--in Costa Rica, Honduras, Guatemala, and El Salvador--and seeking to foster reconciliation and the democratic process in Nicaragua.

-- Remind audiences of Sandinista and Salvadoran guerrilla ties with terrorists in Latin America (example, M-19 in Colombia) and elsewhere (including Middle East), arms and drug runners, and of their Soviet-Cuban ties. Mention Sandinista practice of giving Nicaraguan passports to terrorists.

-- Continue to present U.S. position on, and rationale for, withdrawal from Nicaraguan case before the International Court of Justice. Note: The ICJ decision on the merits of the Nicaraguan case, expected in May, will spark Nicaraguan attempts to garner support for calls for the U.S. to comply with the Court's rulings, likely including a Nicaraguan approach to the UN Security Council for enforcement of the ICJ's ruling under Article 94(2) of the UN Charter.

ADDITIONAL THEME IN CENTRAL AMERICA

-- Europeans do not have a clear understanding of progress toward democracy in Central America, nor do they understand the threat to democracy posed by the Sandinistas. The United States government cannot alone convey that story to Europeans. The Central Americans should take on a share of that task.

AUDIENCES

Political and government leaders in Latin America and Europe
Media in Latin America and Europe
The Internationals
Religious leaders
Academics

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Note: The following three audiences have ready access to the American news media and to U.S. public opinion data. This will affect their willingness to accept materials and information aimed directly at them.

- European and Latin American delegations to the United Nations
- Latin American and European diplomatic missions in Washington, D.C.
- Latin American and European journalists in the United States

ACTIONS

-- Make increased use of WORLDNET as an interactive medium for explaining U.S. policy in Central America (among officials to be sought as spokesmen on Central America are Vice President Bush, Ambassador Walters, Assistant Secretary Abrams, and Ambassador Habib).

-- Speech by President Reagan describing his positive vision for Central Americans. This should note our greatly increased economic assistance, including scholarship programs, and our identification with the hopes of the people of the region for a better life. The speech should also note that the door is open for Nicaraguans to share in this prospect--if their Sandinista leaders will allow them the freedom to pursue it. This speech should be a major event delivered on some appropriate occasion, preferably during the June 10-11 visit of the four Central American democratic presidents. Other possibilities might be to have the President speak to the OAS or during either the President Sanguinetti or President Azcona visits.

-- A senior Administration official, perhaps Secretary Shultz, should publicly unveil the second annual report on the implementation of the Kissinger Commission (or Jackson Plan) findings. This can be an opportunity to demonstrate that we recognize the North-South dimensions of the problem, and to stress the affirmative part of our strategy.

-- For Socialist International in Lima, June 20-23, State will instruct embassies in the countries represented to make demarches to party leaders. USIS Lima will try to place material on Central America in the Peruvian media at that time, and will also distribute ARA/LPD pamphlets presenting U.S. views on Central America.

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-- USIA will maintain a steady flow of AMPARTS to Europe and Latin America to speak about Central America. These will be arranged according to the needs identified by posts in their country plans.

-- In addition to continuous reporting by its own media, USIA will distribute abroad increased numbers of copies of studies produced by ARA/LPD. USIA will encourage its posts in Europe to translate more ARA/LPD documents into local languages.

-- DOD will continue its series of research/study seminars in Latin America on the Strategic Challenges to Regional Security.

-- DOD and USIA will distribute the 80-piece slide presentation "The Challenge and Response" to posts in Europe and Latin America. USIA will consider translating the show into local languages.

-- Put ARA/LPD sponsored "Arms Display" exhibit at key points in U.S. and overseas.

-- ARA/LPD will work closely with IO/UNP to prepare U.S. statements and rights of reply in multilateral fora to counter Sandinista disinformation.

-- ARA/LPD and USIA will be prepared to exploit any Nicaraguan intransigence at the Esquipulas, Guatemala, summit (May 24-26), and at the June 6 Contadora meeting (possible Contadora conclusion), and at Contadora negotiating sessions leading up to June 6. ARA/LPD and USIA will also prepare to support positions taken by the Central American democracies.

ACTIONS (Latin America)

-- During President Duarte's travel to Costa Rica, Peru, Uruguay, and Brazil, May 9-22, USIS posts at each stop promoted media coverage; USIA media covered in depth.

-- At the Costa Rican Inaugural, May 8, the U.S. delegation took the opportunity to meet with Contadora and Contadora support country leaders to demonstrate U.S. support for their goals.

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-- During visit of Uruguayan President Sanguinetti to Washington in June, Administration leaders will underscore U.S. support for democracy and economic progress, emphasizing a positive vision, rather than reiterating well-known American opposition to oppression. USIA media will cover in full and also assist Uruguayan media traveling with the president.

-- USIA will provide full media coverage and assistance to the working visit of Honduran President Azcona to Washington May 26-29. Appropriate quotes by Azcona will be played into Europe and Latin America.

-- ARA/LPD will prepare a cable to Embassies in Central America instructing them to discuss with government officials, political, church, and labor leaders the need to tell the Central American story in Europe. A special effort will be made to persuade President Duarte to begin a public affairs effort in Europe.

-- DOD Policy Support Staff prepared special briefing and display materials on Central America for use at the meeting with air force chiefs of staff from 20 Latin American and Caribbean countries May 5-9. Similar materials and briefings will be given to air force intelligence chiefs from 20 Latin American and Caribbean countries when they meet at Homestead AFB, Florida, in August 1986.

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~~CODEWORD~~

Stenographic Transcript of

HEARINGS

Before the

Select Committee on
Secret Military Assistance to
Iran and the Nicaraguan Opposition

UNITED STATES SENATE

DEPOSITION OF DONALD REGAN

Tuesday, March 3, 1987

(3:15 p.m.)

Partially Declassified/Released on 24 July 1987
under provisions of E.O. 12356
By B. Reger, National Security Council

Washington, D.C.

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DEPOSITION OF DONALD REGAN

- - -

TUESDAY, MARCH 3, 1987

- - -

United States Senate,
Select Committee on Secret
Military Assistance to Iran
and the Nicaraguan Opposition,
Washington, D. C.

Deposition of DONALD REGAN, a Witness herein, called for examination by Counsel for the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition, pursuant to notice, the Witness being duly sworn by ANNE P. HOROWITZ, a Notary Public in and for the State of Maryland, at Conference Room No. 476, Old Executive Office Building, 17th & Pennsylvania, N.W., Washington, D. C., at 3:15 o'clock, p.m., Tuesday, March 3, 1987, and the proceedings being taken down by Stenomask by ANNE P. HOROWITZ, and transcribed by her.

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APPEARANCES:

On behalf of the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition:

ARTHUR L. LIMAN, Senior Chief Counsel

PAUL BARBADORO, Senior Deputy Chief Counsel

MARK BELNICK, Executive Assistant to the Chief Counse

On behalf of the House Select Committee to Investigate Covert Arms Transactions with Iran:

NEIL EGGLESTON, Deputy Chief Counsel

GEORGE VAN CLEVE, Chief Minority Counsel

On behalf of The White House:

JAY B. STEPHENS, Deputy Counsel to the President

C. DEAN McGRATH, JR., Associate Counsel to the President.

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P R O C E E D I N G S

WHEREUPON,

DONALD REGAN,

a Witness herein, called for examination by counsel for the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition, having been first duly sworn by the Notary Public, was examined and testified as follows:

EXAMINATION BY COUNSEL FOR THE SENATE SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION

BY MR. LIMAN:

Q. Mr. Regan, I read your prior testimony before the Senate, and I am going to try to avoid repetition and pick up where they left off.

I would like to begin with a recent event, the day of November 24, 1986. That was a Monday.

Is that the day that the Attorney General told you and the President that he had discovered that some of the proceeds from the Iranian arms sale had gone to the Contras?

A. Yes.

Q. Did he tell you that at a special meeting that was called by him?

A. Yes.

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Elaborating a little bit on that, he asked me earlier in the day -- I believe at the National Security Council or NSPG meeting or some such meeting earlier that day -- for some time with the President in the afternoon.

We set the time at 4:15. It actually took place at 4:30.

Q. And did he tell you what was on the agenda?

A. No.

He said that he had what he thought was a smoking gun, or words to that effect, and he had to nail down something else; and as soon as he got that nailed down, he'd be able to talk to the President.

Q. Had you heard any rumors before you met with the President and the Attorney General about any diversion of proceeds of the Iranian arms sales?

A Absolutely not.

Q. Had there been any discussion before this meeting with the Attorney General of what had happened to the proceeds of the arms sales?

A. Absolutely not.

Q. How long was the meeting with the Attorney General?

A. At least 30 minutes; perhaps 40 minutes.

Q. As I understand your prior testimony, the President was shocked at the news that was conveyed.

A. Very definitely.

Q. And so were you?

A. Yes.

Q. Did the Attorney General say that he had already spoken to Admiral Poindexter?

A. Yes.

Q. And can you recall now what he told you and the President that Admiral Poindexter had said?

A. I believe that he said that he had talked to Admiral Poindexter, who had admitted that he knew something of this, but he did not go into a lot of detail about what Admiral Poindexter's role in any Contra dealings might have been.

Q. Did the Attorney General make any recommendations as to what the President should do?

A. I'm not sure who spoke first; but, among the three of us, we quickly agreed that we had to go public with this, we had to put it all out in the open.

The Attorney General, I believe at that meeting, agreed with that and said there would probably be a role here for an independent counsel.

I believe I was the one that said I think that there should be a press conference and that the President should outline it but leave details to the Attorney General.

Q. Now, in the period that led up to this bombshell of a disclosure to you, there had been a presidential speech and a presidential press conference dealing with Iran.

Am I correct?

A. Yes.

Q. In connection with those events, had you spoken to Admiral Poindexter?

A. Yes.

Q. Had you spoken to Colonel North?

A. Never.

Q. Had you asked Admiral Poindexter if there were anything embarrassing that had not been disclosed?

A. I don't believe I used that word, "embarrassing."

I did ask Admiral Poindexter about whether or not we had all of the facts and whether the President was aware of all of the facts in this case, both before the radio, the TV address, and before the press conference.

Q. And what did Admiral Poindexter say to you?

A. He said yes.

I don't want to quote him exactly because I'm not certain; but he led me to believe that all of the facts were known to the President.

Q. Would it be fair to say, therefore, that your reaction, when you were told this by the Attorney General, was one of at least disappointment in Admiral Poindexter?

A. It was a shock to me to hear that anyone had done this, and the fact that Admiral Poindexter was involved

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was incomprehensible to me.

Q. Why was that?

A. Because I thought of Admiral Poindexter -- and I still do; I still can't understand this -- as a man of probity, of honesty, as a man of high intellect, a leader, a Vice Admiral in the Navy, Number One in his class, a Ph.D. in physics, nuclear physics. It was inconceivable to me that a man with that background would not have told the President of the United States everything about a situation of this nature.

Q. Now, did you try to reach Admiral Poindexter that day, which was Monday -- we are still on the 24th?

A. No.

I did the next morning.

Q. Why didn't you try to reach him on the 24th?

A. My state of mind, plus --

Q. Describe that state of mind, please.

A. Sick, offended, generally down in the dumps -- that type of feeling -- plus wondering, my God, what do we do about this President and getting the facts out, how do we handle press inquiries, things of that nature.

Q. Was there any discussion by the Attorney General with the President and you of whether a diversion would have violated law?

A. The Attorney General, I believe, told the President

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that he had FBI personnel looking further into this matter, and would continue with his investigation and then turn over to an individual, an independent counsel whatever evidence he was able to find of any criminality.

Q. Was there any discussion of the Boland Amendment?

A. I believe the Attorney General did mention there might have been the possibility of a violation, and he would have to look further into that.

Q. What I am getting at is you have described the President's shock, your own feeling of shock and disappointment.

What was it about the fact that funds were given to the Contras that caused this reaction?

A. The possibility, maybe indeed the probability, of some type of violation of the law that might necessitate a further prosecution. Secondly, the fact that we realized, from a political as well as a public relations point of view, that this was devastating, devastating to this President, devastating to the cause of the Contras.

Q. Did you have any discussion about what should be done with Oliver North?

A. I think that the Attorney General recommended that North be suspended during this further investigation and the President agreed.

Q. And when you say "suspended," my understanding is that he was reassigned.

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A. Well, that's all I'll say for now, because I don't recall any further -- I used that word, "suspended," that somehow or other he be relieved of his current assignment.

Q. And what about Admiral Poindexter?

A. Nothing was said about Poindexter at that time.

The following morning, the morning of the 25th, at breakfast-time, I visited John Poindexter.

Q. Before you get to that, let me still stay with that day.

You said before that you had not spoken to Colonel North. Do I understand that you have never spoken to Colonel North?

A. Only pleasantries, or generalities. I never talked to North about any specific aspects of his job, nor mine.

Q. And what occasions did you have to explain pleasantries?

A. I would see North in groups of people, particularly groups of people who might be coming in to visit the President or before whom the President was to appear to speak to that group.

I never talked to North alone.

The one time that I had any kind of serious discussion with North was after the TV speech by the President, which was -- when -- November 19 or thereabouts.

Q. And what happened then?

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A. There was discussion as to whether or not the President had misspoke regarding a third country in his TV speech.

MR. STEPHENS: This would be the press conference.

THE WITNESS: Excuse me. This was the press conference, the press conference, and a group of us, after saying good night to the President in the quarters, walked over to the Roosevelt Room, where another group of presidential advisors ~~were~~ had assembled, ~~watching~~ to watch the talk. And there, we found them in a discussion. North was in that group.

I recall his looking at some papers he had and talking about Israel, and arms shipments and the like.

I talked in general terms to those people, saw that among them they were going to try to get to the bottom of it, because there were press representatives there, legal people, and so on. I felt they didn't need my presence. I left.

As I was going out the door, one of my assistants, David Chew, said to me -- one of the President's assistants, I should say, not my assistants, one of the President's assistants, David Chew, said to me did you notice that North had a chronology from which he was reading? I said no, I didn't know that was a chronology. He said, "It is. Why don't you get a copy of that so you know what has gone on?"

That is the first that I heard of a chronology.

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BY MR. LIMAN (Resuming):

Q. I was going to ask you that.

You had not known that a chronology was being prepared, is that correct?

A. That is correct.

Q. And you had not asked for a chronology to be prepared?

A. I had asked that -- John Poindexter, as I testified earlier, are you sure the President has all the facts, and you'd better make sure the President has all the facts, John.

I did not ask for a chronology, nor did I take part in creating any chronology.

Q. And am I correct, therefore, that you had not received from Admiral Poindexter in connection with the President's speech or press conference any written presentation of the facts?

A. That is correct.

Q. And this occasion, right after the President's press conference, was the first time you were aware that a chronology had been prepared?

A. Yes.

Q. Did you then get a copy of the chronology?

A. Not until the 21st.

I asked for one from Poindexter on the 20th, but did not receive it until the 21st. It was given to me and

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then, a few hours later, it was sent for and asked that it be returned.

Q. Who sent for it?

A. Poindexter.

Q. Were you told why he wanted it back?

A. There were errors or omissions in it.

Q. Had you had an opportunity to read it?

A. I eyeballed it and had turned it over to Peter Wallison, the General Counsel, because I said this doesn't pass my feel test. "It doesn't seem right to me for some reason; read it over, Peter, and see what you think of it."

Q. And, at that point, Poindexter asked for it back?

A. Yes.

But Wallison had it, and I said I'd get it back to them in due course.

Wallison gave it back to me as I was leaving that afternoon. I took it with me. I took it home that weekend and returned it on the 24th.

Q. Did you read it over the weekend?

A. I did.

Q. And did you find something in it that was contrary to your own recollection of events?

A. Yes.

Q. What was that -- if you recall?

A. Well, it was the impression I had. It was too pat.

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The thing flowed much more smoothly than I remembered events.

Q In what respect?

A. Well, you know, that so-and-so said something to so-and-so, and then that led to this and that led to that. The whole flow of it was not as I remembered it.

Q. It was much more disjointed?

A. Yes -- as I remembered it.

Q. All right. Let's go back, then, to the 24th.

You met that evening with Mr. Casey, is that correct

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A. He dropped by for a few minutes.

Q. Now, Mr. Casey was an old friend of yours?

A. Yes.

Q. Is he the man who was responsible for getting you into government?

A. There have been a lot of people who claimed credit for that.

Q. You still say "credit?"

A. I think there will be less claiming that in the future, or maybe currently.

(General laughter)

Q. But he is a friend?

A. Yes.

Q. Did you discuss this with him?

A. Only to the effect that there were -- no, I didn't.

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Let me back up.

I did not discuss the precise nature of what Ed Meese, the Attorney General, had told the President.

Q. Why was that?

A. Well, at this point, I didn't know who knew what, or who was guilty of what, and I thought the less I talk about it, the better off the Attorney General and his investigators would be.

Q. But didn't you want to know what your friend, William Casey, knew of this?

A. I knew that Ed Meese had been talking to him.

Q. How did you know that?

A. On Friday, Ed Meese again had asked me for time with the President, and in that time period, a meeting which I attended, he told the President that going over Ed Meese's testimony before --

MR. STEPHENS: You mean Bill Casey's.

THE WITNESS: -- Bill Casey's testimony in preparation for an appearance before an Intelligence Committee, that there were discrepancies in what was known and some of [redacted] And I take it, in using that [redacted] that we are all sensitive to --

BY MR. LIMAN (Resuming):

Q. We are in a Top Secret environment.

A. -- that there [redacted] that led us to

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believe that some of the figures we had didn't jibe.

Q. So, you knew that Attorney General Meese had spoken to Mr. Casey.

Is that correct?

A. Right.

Q. But here you are, now, on Monday night, with one of the worst pieces of news that you have received in government -- is that fair to say?

A. That's correct.

Q. And Mr. Casey was Director of the CIA. Did you talk to him at all about the whole problem of Iran?

A. Only in general terms.

Again, I did not know the extent of his knowledge or --- and I'm sorry to say this -- the extent of his involvement, if any, in the matter.

So I thought I would be on safer grounds not to discuss it with him, to leave it in the hands of the legal people.

Q. And yet, the next morning you felt comfortable in speaking to Admiral Poindexter?

A. Not about the facts in this, but about his resignation.

Q. Tell me about what happened with Admiral Poindexter the following morning.

A. I went in to see him while he was having breakfast

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by himself, in his office, and I said, "What did you know of this, John?"

His reply was, "I knew something of it, but I didn't know much. I didn't want to know any more."

And I recall telling him, "You're coming in to the 9:30 meeting. I think you'd better be prepared to resign at that time."

Q. And he said he would?

A. He said that he had been thinking along the same line.

Q. Did you ever ask him why North did this?

A. Why North did it?

Q. Yes.

A. No.

Q. Did you ask the Attorney General why, to his understanding, North did it?

A. I did not ask that question.

My memory is vague here. But I recall in that meeting with the President on the 24th North alluding to the fact that probably --

Q. Do you mean Meese alluding to it?

A. Meese. Excuse me. I'll get it straight -- Meese alluding to the fact that North probably did it for good reasons, or for patriotic reasons, whatever was done.

Q. Did you ever have a discussion with Director Casey

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in which he told you that he thought that the Boland Amendment was unconstitutional?

A. No-- not unconstitutional.

Q. Did Mr. Casey ever tell you that after this disclosure of the diversion that he had written a note to North to the effect that the Boland Amendment was unconstitution and that North should challenge it?

A. No.

Q. That was never discussed with you?

A. Never.

Q. And never, to your knowledge, discussed with the President?

A. No.

Wait a minute -- do you mean the fact that --

Q. The fact that Casey was sending North a note.

A. No.

Q. Were you aware of the statement that the President made on December 1 in an interview -- and I'll quote it -- "I do not feel betrayed. Lieutenant Colonel North was involved in all our operations, the Achille Lauro, Libya. He has a fine record. He is a national hero. My only criticism is that I wasn't told everything."

A. I am aware that the President made such a statement.

Q. Was that discussed with you in advance, whether

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he should call Colonel North a "national hero."

A. No.

Q. Or what position he should take with respect to Colonel North?

A. I remember my cautioning the President to be sensitive to what he said about North until we knew everything.

Q. The President's statement that Colonel North was involved in all of our operations is ambiguous.

What did you understand Colonel North's role was at the NSC?

A. I'll preface my remarks by the same statement that I said to both the Senate and the House Intelligence Committees. The NSC does not report to me, contrary to the belief of most people in this country. It is not part of the White House staff in that respect.

I have charge -- or had charge -- of what was known as the "West Wing Staff," a separate and distinct entity from the National Security Council. It reported to its head, the National Security Advisor, who reported directly to the President, not through me, not under me.

My knowledge of the dealings of anyone except the National Security Advisor to the President is very limited because I never come in contact with those people at general meetings and have no supervisory role over them.

Coming specifically to the question of Colonel North,

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I had only a vague understanding of what he did. But it always seemed to me that, when you needed a guy to fix something -- and I say "fix" in the nice sense of the word, not in any --

Q. Pejorative?

A. --yes -- that North was the guy you called on to do it; that that was his sort of charter, or his role, in the NSC.

Q. You attended the 9:30 briefings by the National Security Advisor with the President?

A. Most of them during my tenure as Chief of Staff.

Q. And had Colonel North's name come up in connection with those briefings?

A. Occasionally, yes.

Q. Did he ever attend any of those briefings, to your recollection?

A. Only if other people were being brought in. He never came in either by himself or just as a single person accompanying the National Security Advisor.

Q Now, at these briefings, did the National Security Advisor bring his deputy?

A. Usually, yes.

Q. Was there somebody who made notes at meetings or briefings with the President?

A. Unfortunately, I have now found out no. It is --

Q. Well, when you say "you now found out," when you

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were there, did you ever see anyone making notes?

A. I saw the deputy, usually with a pad, pen or pencil, doing some writing.

I assumed he was taking notes. I now understand that he wasn't, but he was jotting down things the President was asking the Security Advisor to do.

Q. How do you have that understanding now?

A. From my readings.

Q. But, at the time, you assumed that you had a note-taker there?

A. That's what I thought.

No one else in the room used a pencil, pen, or took, seemed to be taking notes.

Q. And when you say you now have a different understanding from your readings, what readings are you referring to?

A. Press accounts of the fact that there were no notes taken at any of these meetings.

Q. Did you, during that November period, when the President was getting ready for his address and his press conference, when you wanted to be sure that you had a correct understanding of the facts, ever ask Admiral Poindexter if there were notes of the briefings with the President?

A. No.

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Q. And I take it Admiral Poindexter never mentioned any notes that might help refresh the recollection of the participants?

A. No. He never did.

Q. In connection with the President's speech in November and his press conference, what was your role in connection with the speech? Did you review a draft of the speech?

A. Yes. That is a normal procedure that I followed on all TV speeches.

The first drafts would go out. They'd be circulated among several people. Then the second draft. I'd see each draft as it was finished.

Q. Who put together the facts that would be available to the speech writers?

A. In connection with anything having to do with foreign policy -- and this did -- it would have been the NSC staff.

Q. And that would have come up through Poindexter to the speech writers?

A. Yes -- or the speech writer may have worked directly with a member of the NSC staff.

Q. Who was in charge of the President's address on November 13, the speech writer?

A. Oh. I'll have to get that for you. I don't

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recall which among them was the one.

[The information referred to follows:]

COMMITTEE INSERT

BY MR. LIMAN (Resuming)

Q. Were there any problems that you encountered with the facts in that speech?

A. I recall it going through several versions, and I recall my becoming exasperated and saying, you know, come on, time's short, we have to get this thing finished.

Q. Do you remember any problems with the versions?

A. I can't put my finger on a particular problem. No.

Q. Do you remember any conversation with the Secretary of State about the speech?

A. Not before the speech.

Q. Do you remember one right after the speech?

A. Yes.

Q. Tell us about that.

A. The following day, which would have been the 20th --

Q. The speech was the 13th. The press conference was the 19th. Which one are you referring to?

A. Excuse me. I am referring there to the --

Q. The press conference?

A. -- press conference. I do not recall hearing from the Secretary of State regarding the speech.

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Q. You did hear from him right after the press conference?

A. Exactly.

Q. And that would have been November 20?

A. Yes.

Q. And what happened?

A. He told me that there were quite a few inconsistencies in the President's speech, and he thought he should bring these to the President's attention.

He was quite upset.

Q. Was he talking about the speech or the press conference?

A. The press conference.

What I meant by "the speech" was the President's opening remarks and answers.

Q. Did he tell you what the problems were that he had with it?

A. Only in general terms.

Q. What did he say?

A. He said that these were incorrect facts that the President had been furnished, and that he thought he should set the record straight as to what happened.

Q. Did he tell you that one of the things that bothered him was that in the press conference, the President had said that all -- and the speech -- that all appropriate

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Cabinet officers had been consulted in connection with the Iranian initiative?

A. That was one of the five or six that he mentioned.

Q. Now you testified before the Senate Committee that the Secretary of State was not part of the discussion process before the McFarlane mission.

Do you recall that?

A. Yes.

Q. Was there a decision to exclude the Secretary of State from that process relating to the McFarlane mission?

A. Nothing that was discussed in front of me, in that regard regard.

Q. You knew by May of 1986 that the Secretary of State had been opposed to the Iran mission -- is that fair to say?

A. That's right.

Q. Did you have any understanding as to why the Secretary of State was being excluded from knowledge of the McFarlane mission?

A. Most of the discussion of the McFarlane mission took place during the 9:30 briefing of the President, not at an NSPG or an NSC meeting called for that particular purpose. And, accordingly, just by the timing alone, the Secretary of State, Secretary of Defense, and others would not be present.

Q. But they get up early, don't they?

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A. Well, they're just never at the 9:30 meeting.

Q. If the President wanted them to be involved, they could have been involved. That's fair to say?

A. That is fair to say.

Q. And that there was at least a conclusion reached that they shouldn't be involved?

A. I don't recall anyone discussing that in front of me where I could agree with that.

That may have happened because of the timing, but I don't recall anyone actually specifically saying to the President or saying to me should the Secretary of State be here or not.

Q. You also, in addition to being the Chief of Staff, regarded yourself as an advisor and friend of the President.

A. Yes.

Q. Did you ever say to him in connection with the McFarlane mission don't you think we ought to get the Secretary of State in?

A. No. I don't recall my saying that.

Q. The McFarlane mission was a significant event, wasn't it?

A. Yes.

Q. Was there any thought that was given to the possibility that McFarlane might even not be able to get out of Iran?

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A. Yes.

Q. And did you understand that McFarlane was going to b going in under a false passport?

A. No.

Q. But there was a recognition that the Iranian Government or elements there might seize him?

A. Yes.

Q. And, therefore, you were taking a significant risk in sending McFarlane there?

A. Yes.

Q. And here was a man who, as a former National Security Advisor, was the repository of many of the nation's secrets.

A. Yes.

Q. And you had heard stories before that Mr. Buckley had been tortured in order to get secrets.

A. Yes.

Q. What kind of discussion was there with the President about whether it was wise to take this risk of sending McFarlane over there?

A. There was some discussion in early May about who should go. It had to be a man, a person of competence, who would understand the issues, but a person who could get in and out of the country without causing much disturbance or observation.

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Obviously, this ruled out elected officials. It ruled out leading people in the administration.

The question then revolved around whether or not it should be the National Security Advisor himself or a special emissary.

After the discussion, it was decided that it should be a special emissary.

Q. But was there any discussion about the risks that you were taking in sending someone who possessed the kind of sensitive information McFarlane had?

A. Yes. We knew that there was that risk.

But, on the other hand, McFarlane was one who certainly understood the issues a lot better than someone who would have had to have been briefed on the issues, who hadn't been in the game, as it were, before his going to Iran.

Q. Was there any discussion about trying to have that meeting on neutral territory?

A. Yes.

Q. What was said on that subject?

A. It was said that the people in Iran, with whom we were trying to make contact, could not come out, or would not come out; that we had to send somebody in there for purposes of establishing a contact.

Q. When you were talking about this mission to Tehran,

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with all of its risks, explain to me again as to why it wasn't a natural thing to say we ought to talk to the Secretary of State about this so that he is alerted to the possibility that we might have a problem.

A. I cannot explain in too much detail because it never came up as a subject or part of a discussion.

My own feeling was that there had been, and still was, at that time, a series of meetings of the National Security Advisor, Secretaries of State and Defense and the head of the CIA. They had weekly luncheons.

The purpose of those luncheons was to thrash out differences among them, to relay information from one to the other on an informal basis.

I think I just assumed that something of this moment would have been discussed among them at a luncheon.

Q. Who was the President relying on for advice on whether to send this emissary forward?

A. Admiral poindexter.

Q. Was the President looking for advice on this subject to Mr. Casey?

A. I don't recall his talking directly to Mr. Casey about this.

Q. Would it be fair to say -- I'm trying to understand this -- that at some point in this whole Iranian process, that Poindexter became the President's principal advisor?

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A. Oh, yes-- not only on this but on many other things.

This is supposition on my part. I have not discussed it with Admiral Poindexter nor the President, but it just seemed an impression I had that when Admiral Poindexter talked to the President about this situation, or any situation, he was reflecting the concerns, the opinion, of the security community, not just his own personal opinion. That is the purpose of the 9:30 briefings each morning. He comes in to give the President a briefing on national security affairs.

None of us expected that he would do this all by himself, with only his opinions reflected at that 9:30 briefing.

Q. Did you understand at the time of the Tehran mission that Mr. Shultz was unaware that it was going forward?

A. I had no reason to believe that he knew it or did not know it. I never discussed his role in it.

Q. Had you been at the Tokyo Summit with the President?

A. Yes.

Q. And Mr. Shultz was there?

A. Yes.

Q. Do you recall Secretary Shultz saying to you that he had heard from an ambassador or someone else that the United States was still engaged in discussions with Iran?

A. Yes.

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Q. Tell us what you recall was said?

A. Secretary Shultz came to me to say that he wanted to talk to the President eventually, but, in particular, wanted to talk to Admiral Poindexter about something that he had found out through a cable regarding some goings on in the Middle East.

He said that he was most unhappy to hear that there were representatives from the U.S. Government apparently doing something in Israel that Sam Lewis, our Ambassador, did not know about.

No, excuse me. Let me back up. Let me retract.

That was an earlier thing.

The one in Tokyo, I believe, referred to the fact that there was a question being raised about the type of people that the NSC was dealing with, and there were other people involved in it.

I'm confused here, now.

Q. Did he tell you that he had heard from an ambassador that the United States was planning to ship some arms to Iran?

A. Yes.

There is another time when Shultz came to me and talked to me about --

Q. Ghorbanifar?

A. -- Ghorbanifar and Khashoggi, and several other

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people that they were involved in that.

Q. And he was very uneasy about them?

A. Yes -- because of the names involved, and the like.

Q. But in the Tokyo Summit --

A. At the Tokyo Summit, it was Sam Lewis and the fact that they were thinking of shipments.

Q. And he was opposed to that?

A. Yes.

Q. What did you say to him, if you recall?

A. I told him that he should get together with Poindexter, that I knew nothing of it, that he should get together with Poindexter to find out what it was, and that if they wanted to talk with the President, I'd try to find time to do it.

Q. And did you not know that the Iranian initiative and the contemplation of sale to arms was still going on when you talked to Shultz?

A. I had not followed it up that closely. I knew that the mission was going to start, but I had not followed it up.

Q. To put it point blank, was there a policy of just keeping Shultz in the dark because he was opposed to this initiative?

A. Not on my part, and I don't think on the President's part. I cannot answer for Admiral Poindexter.

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Q. Was that ever recommended in your presence, that Shultz not be told about what was happening with Iran?

A. Not in my presence.

Q. Did Mr. Casey ever express that view to you, that Shultz really was just a negative influence?

A. No. No. Not by Casey.

Q. Anyone?

A. It was generally known among those of us who attended meetings of the NSC that Shultz was opposed to it.

Q. Let me go back to the Contra matter again.

Is it fair to say that the President was concerned after Congress cut off funds for the Contras with how they would remain a viable force?

A. Yes.

Q. Do you recall that in the first half of 1986, there was concern expressed by Admiral Poindexter about the effect that lack of funding was having on the Contras?

A. Yes.

Q. Do you recall any briefings by Admiral Poindexter when he was National Security Advisor, in which he discussed where the Contras were getting funds from?

A. No.

Q. Did you ever ask him where they were getting funds from during this cutoff period?

A. No.

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Q. Were you present at any briefings where he discussed where they were getting arms from?

A. No.

Q. Did you ever ask him about that?

A. No.

Q. Did you have any understanding that Colonel North was involved in raising funds for the Contras?

A. Not concern. I knew that there were funds being raised for the Contras in the private sector?

Q. How did you know that?

A. There were people brought into the White House.

I recall one time the President addressing a group of people who had contributed private funds to the Contras, and the President saying that he approved of what they were doing, that it was a good thing.

Q. Who brought them into the briefing, the meeting with the President?

A. I don't know, specifically. I could find out on that.

It was a combination, I think, of our public affairs people plus the NSC.

[The information referred to follows:]

COMMITTEE INSERT

Q. And did you understand that Colonel North had any role in this fund raising effort?

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A. I knew that Colonel North was present at this, but a role -- no.

Q. Did you ever hear him make a speech to potential contributors?

A. No, I did not.

Q. Do you recall hearing in the summer of 1985 that Colonel North was being criticized for playing too active a role in raising money for the Contras?

A. No.

In the summer of 1985?

Q. Yes.

A. No.

Q. Do you have any recollection of any Congressional inquiries or questions from Congress about what Colonel North was doing for the Contras?

Does that ring any bells?

A. No, it doesn't, not in my memory. I know that I have read such things, but not in my memory.

Q. You don't have a memory of learning it at the time?

A. No.

Q. Did you ever ask any questions in 1985 or before this whole subject of the diversion came up of what is Ollie North doing to help the Contras?

A. No.

Q. Did you have any understanding in the period prior

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to November 24, 1986, as to whether the NSC or any of its personnel were involved in arranging for military supplies for the Contras?

A. I recall the talk about supplies [redacted] and things of that nature.

Q. What do you recall about that?

A. Because there were discussions at the time the money was furnished by the Congress as to how the funding would be handled, through the State Department, the Congress having put that on them, and then how the --

Q. That's the humanitarian aid?

A. The humanitarian aid -- and how that would be accounted for. There were discussions of that nature.

Q. What were the discussions on that subject?

A. Well, they were, in general, with each one assuring the other that there should be full accountability here. I believe that it was going to be done through Peter McPherson's group in the State Department, and, accordingly, that there would be a full accounting available to the Congress when they wanted it.

Q. And this was to be a mechanism to insure that the funds were being used for the purpose for which they had been appropriated?

A. Yes.

Q. And not to be used for lethal aid?

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A. That's right.

Q. During this period prior to November 24, did Admiral Poindexter in any of the morning briefings tell the President how the Contras were doing?

A. There were times -- this is a very sensitive matter -- but since this is Top Secret, we'll discuss it.

In the President's briefing book, quite often there is a page which describes the action that is taking place in Nicaragua [redacted] and from that the President would be kept abreast of any actions that were going on either with the Contras or with the Sandinistas.

Occasionally, Admiral Poindexter would briefly describe that to the President, saying in your book you will see this morning such and such.

Q. Do I understand that Admiral Poindexter would submit a briefing book to the President each morning?

A. It's called the PDB, the President's daily briefing.

Q. And how many pages does that normally run?

A. Well, it comes in sections. There is a section submitted by the State Department, a section submitted by the CIA, and a section submitted by NSC. The total may be 20 to 25 pages.

Q. Would you like to take a break?

A. Could I take a couple of minutes, to get a Coke

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or something?

Q. Sure.

[A brief recess was taken.]

BY MR. LIMAN (Resuming):

Q. How much in advance would the President get the PDB?

A. Advance of what?

Q. Advance of the meeting with the security people.

A Oh. He got it at the meeting. He read it afterwards.

Q. So, then, the book would be given to him by the security, the National Security Advisor?

A. Hand-delivered.

Q. Hand-what?

A Hand-delivered by the National Security Advisor. "Here's your PDB for this morning." Then we would sit down and the briefing would go on.

Q. And would the National Security Advisor then highlight what was in the book?

A. Most of the time, yes.

Q. And would you get a copy of the book, too?

A. Yes.

Q. What happened to the book? Was the book preserved?

A. It was taken back, delivered back to the national

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security people the same day, usually within a matter of hours.

Q. And your copy, too?

A. Oh, yes.

Q. And would the President --

A. The Vice President also gets a copy.

Q. Was it the practice of the President to read the book?

A. Oh, yes.

Q. So that after the National Security Advisor left, he would read the book?

A. We always gave him time-- they still do, I guess -- give him time, immediately after the national security meeting, so he could read that.

Q. And if he had any questions, would that occur from time to time after he read the book?

A. Occasionally.

Q. And what would he do?

A. Pick up the phone and call Poindexter.

Q. Did the book always contain a page dealing with the Contras?

A. No. Quite often, but not always.

Q. Did the book, to your recollection, ever contain any reference to the status of their funds, the Contras' funds?

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A. Never.

Q. Their supplies?

A. Never.

I'll back up. If there were a top secret drop of arms to them, that might be recorded, occasionally, that arms were dropped in such and such an area.

Q. Do you recall any reference in the book to supplies being dropped to them by General Secord?

A. No.

Q. Did you hear General Secord's name at all?

A. No.

Q. You did not hear his name until after this whole --

A. After November 25.

Q. Was there any description or reference in the book to the role of the NSC in connection with providing supplies for the Contras?

A. No.

It was usually a description of what was happening on the ground -- the fighting, the condition of troops, the disposition of troops.

Q. Did Admiral Poindexter ever complain that, unless Congress turned back on the money faucet, that the Contras were going to be in trouble?

A. Orally. Not in any of this book or anything.

Q. Do you remember any proposals that Admiral Poindexter

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made for getting money?

A. Only the legislative ones that we were all working on.

Q. Do you recall a meeting in May of the NSCPG, where the matter of funding for the Contras was discussed?

A. What was that date?

Q. I'll give it to you right now. It was May 16.

A. In 1986?

Q. That's right.

A. No, I don't remember that one.

MR. LIMAN: Would you mark as Regan 1 a set of the minutes of the NSCPG meeting, and the meeting is dated May 16, 1986.

[The document referred to, document number N 10288, was marked Regan Exhibit No. 1, for identification, and is appended to this transcript.]

BY MR. LIMAN (Resuming):

Q. If you look at page 2, you will see that Director Casey states that, [redacted]

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[redacted]

He describes shortages, saying,

[redacted]

Do you recall that meeting now at all?

A. Just vaguely.

Q. Do you recall any discussion of the fact that there were several options, including seeking reprogramming from Congress, raising money privately and raising money from foreign states?

A. No.

I don't recall that specifically, although I do know that there were those alternatives.

Q. How do you know that?

A. Well, because I was engaged in the legislative effort with the Congress and I knew that there were these private groups because I had seen some come into the White House.

Q. Do you remember any discussion of seeking aid for the Contras from foreign states?

A. No.

Q. Were you ever told that [redacted] had made a contribution?

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A. No.

Q. Were you ever told that funds were being sought from [redacted]

A. No.

Q. What about [redacted]

A. No.

Q. Did you have a discussion with Admiral Poindexter and the President before Prime Minister Peres came to the United States in the fall of 1986?

A. Yes.

Q. Were you told by Admiral Poindexter that Israel had offered to supply some arms [redacted] [redacted] [redacted] to the Contras?

A. This, again, is vague in my mind. But I recall that just prior to Mr. Peres coming in, there was a briefing in the Oval Office by Admiral Poindexter with the usual list of people there, and there being something about if Mr. Peres says something to you about arms for the hostages -- hostages -- arms for the Contras, merely acknowledge it and say thank you or something like that.

But that's all I recall.

Q. Mr. Regan, let me see if I can refresh your recollection.

When you testified before the Senate, you testified, and let me read it to you at page 56:

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"The Chairman: Did you ever learn of any foreign country providing humanitarian or military assistance to the anti-Sandinista forces in Nicaragua?

"Answer: Yes.

"When was that?

"I cannot tell you whether it was in '85 or '86. It was [redacted]

Does that refresh your recollection at all, that you learned at some point that [redacted] was providing aid?

A. All I know is that I had an impression that they were getting funds from someplace, but I wasn't in that loop.

I don't know how to express this, but it was not something that was discussed with me, or my opinion asked, or I was told, a "don't tell anybody but," or something of that nature. But I gained a general impression that there was somebody involved in supplying. And, adding one and one, I assumed it probably was [redacted] But did I learn of it? No.

Q. When you say you "weren't involved in that loop," what loop was that?

A. Well, I suspect that what was going on -- they kept this very close hold.

Q. Who is "they?"

A. The National Security Council, the National Security

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Advisor and his staff, and only a few people were involved in whatever it was. I wasn't one.

MR. STEPHENS: Mr. Regan, you may want to explain for the record, if you can-- Mr. Liman has pointed out if you have an explanation for the difference of your view now and the difference of your view when you were testifying before the Senate -- if you can.

THE WITNESS: Well, at this point in time, I have read so much and I have impressions so much from the press reports, the Tower Report, and so on, that I am never sure now what I did know and what I didn't know at that point.

All I can say is at this point in time, I recognize that I was under that impression. But when you say to me did I learn of something, I didn't learn of it in that sense of the word, that I was told.

BY MR. LIMAN (Resuming):

Q. Were you present at any briefings of the President by Elliott Abrams?

A. Yes.

Q. Were there any discussions with Elliott Abrams about going to foreign countries for money for the Contras?

A. Not in my presence.

Q. Did you ever hear the President express a view on whether aid should be sought from foreign countries?

A. Not in my presence.

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Q. Was there ever any discussion in 1985 and 1986 about whether the administration was free to seek military aid from foreign governments for the Contras?

A. Not in my presence -- other than this meeting that you just referred to, and I don't know what's in that (indicating).

Q. And the meeting that I referred to was the meeting that I have given you the minutes for, of May 16.

A Yes.

I don't know -- I haven't read through this document -- as to whether that came up during that meeting.

Q. I'll tell you that the meeting ended with Secretary of State Shultz being asked to consider the solicitation of other countries.

Do you recall any subsequent response on that subject after this meeting about whether other countries were willing to provide aid or not?

A. After this meeting?

Q. Yes.

A. No. I don't recall any.

Q. You see, it says, if you look at the last paragraph, Admiral Poindexter summarizes the meeting, and he says, [redacted]

Do you recall any list being prepared?

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A. I don't recall such a list.

Q. To the best of your recollection, you never saw such a list?

A. That is correct.

Q. Going back just a moment to that meeting at which Attorney General Meese told the President about the diversion, did he tell you that that was referred to in a memo that his staff had found?

A. No.

Q. I know you have to separate what you now know from what you were told at the time

A. No. I did not know of that memo.

Q. Have you ever seen that memo?

A. I have, now.

Q. But you did not see it on the day that the Attorney General told you about this?

A. No.

Q. And you had not seen it before?

A. No.

Q. And when you saw it, you saw it in connection with the investigations?

A. Peter Wallison first showed it to me as something that had been uncovered and was being furnished to the Senate and House Intelligence Committees.

Q. And when he showed it to you, that was the first

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time you saw that document?

A. Yes.

Q. Incidentally, did you have any role in assisting in the preparation of Mr. Casey for his testimony before the Senate or House?

A. No.

Q. Do you recall any discussions with Secretary of State Shultz about Mr. Casey's testimony?

A. In the meeting that the Secretary had with the President in the late afternoon of November 20, he alluded to the fact that Casey was going to testify on the following day and that if he, Casey, had the same inconsistencies, it would not be good.

Q. And what steps were taken to make sure that Mr. Casey's testimony would be accurate?

A. The Attorney General had been brought in to make certain of where we stood on these things.

Q. And who brought the Attorney General in? Did you?

A. I don't know specifically who it was. I was aware of it.

Q. Was the Attorney General asked to assist Mr. Casey in preparing his testimony?

A. Well, to try to reconcile the differences, yes.

Q. How was somebody going to reconcile differences, to your understanding?

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A. Well, it was my understanding that if A were alleging one thing and B stating something else, that somebody should try to find out whether or not A's recollection or B's recollection was the correct one.

Q. Well, you were present at some of the meetings at which the Iran initiative was discussed, right?

A. That's right.

Q. Did anyone ask you for your recollection?

A. No.

Q. So that in preparing the President's speech and in preparing the Casey testimony, you were not asked what you recalled?

A. That's correct.

Q. But when you looked over the President's speech, did you find anything in it that was inconsistent with your recollection?

A. I'd have to go back to check.

Q. Well, if you did, you would have spoken up, wouldn't you?

A. Yes, yes.

Q. Do you remember speaking up and criticizing?

A. No. I don't remember criticizing as such. No. I don't recall that.

Q. You've testified about your recollection of this series of events relating to Iran.

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A. Yes

Q. You testified before the Senate committee, correct?

A. Right.

Q. And you were also questioned by Tower.

A. And the House.

Q. And by the House.

As I understand it, your recollection was that Mr. McFarlane asked you to see the President when the President was in the hospital in July of 1985.

A. That's correct.

Q. Were you in charge of the President's schedule while he was in the hospital?

A. No.

Q. In order for somebody to get to see the President, who would they have to clear it with?

A. Me, and I would clear it with Mrs. Reagan and the doctors.

Q. And you were trying to reduce the President's activity while he was recuperating, is that fair to say?

A. I have been told that by both Mrs. Reagan and the doctors.

Q. And you've learned to listen to both doctors and Mrs. Reagan?

A. Do I have to comment on that?

Q. No, you don't.

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Anyway, were you restricting the President's visits to ones of importance?

A. Yes.

Q. What did Mr. McFarlane say to you that seemed important enough to let him go in to see the President?

A. He had been asking from day one to get to see the President, saying he had something important regarding an intelligence finding. But on the second day he told me it was regarding the hostages.

I believe it was on the third day that we finally got him in to see the President.

Q. And when he got in to see the President, were you there with him?

A. Yes.

Q. And did you tell him that he had 15 minutes or something like that?

A. I said that he had to keep it short, under doctor's orders.

Q. The President had had his operation, what, just a week before?

A. Three days before.

Q. Three days before.

Was he in pain? Or discomfort?

A. Uncomfortable.

Q. Did Mr. McFarlane keep it short?

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A. Yes.

Q. That's when he first talked about Iran, am I correct?

A. Well, about this new initiative that he wanted to undertake in connection with Iran.

Q. Now, do you actually have a recollection of it now, as opposed to reconstruction from what you have read?

A. Yes. I know it differs from other people, but it is my recollection.

Q. It is actually a recollection?

A. Yes.

Q. What is your recollection?

A. That at that first meeting, Bud brought up the subject of the fact that they had been approached by the Israelis, who had had a contact that they would put us in touch with that could lead to a breakthrough in reaching elements in the Government of Iran.

Q. And what did this have to do with the hostages?

A. That this could lead to some help in the hostage situation because we suspected that the Iranians were in some way connected in to the group who had abducted the Americans.

Q. As you sit here today, do you have any recollection of McFarlane saying that the Iranians may want weapons as a show of good faith?

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A. I'm not sure it was at that meeting, but it was shortly thereafter because in the latter part of July, I recall knowing that there might be weapons involved here.

Q. And then is the next thing that you recall a ~~reading~~ meeting on this subject after the President returned to the White House?

A. Yes.

Q. Was this a meeting at which Secretary of State Shultz was present?

A. Yes.

Now, again, I have a different recollection of this than some others.

Q. And what is your recollection, sir?

A. I recall the President being in pajamas and robe, so this would have taken place in the quarters. But I can find no one who can give me a record of that, that is, that there was a record kept of that meeting by the usher or anyone else.

But that is my recollection of it.

Q. Do you recall McFarlane describing the Israeli proposal at that meeting?

A. Yes.

Q. And do you recall that the proposal was that the Iranians would get some weapons and in return there would be some hostages released?

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A. No. Not as bluntly as that.

This was the first time that I had heard the word "bona fides." I recall that because of my amusement -- if you will pardon the diversion for a moment -- at the ~~pronunciation~~ pronunciation. It was called "bona fide's" by these people. As an old Latin scholar, "bona fides" made a lot more sense to me.

But that's the first time I had heard it, and that was what they referred to, a small amount of arms since that was currency in the Middle East among these warring groups, that they would want to know about bona fides by having this supply of arms.

Q. Do you recall whether the Secretary of Defense was there?

A. I believe I do place him there.

Q. And do you remember the positions that various people took at this meeting?

A. Everyone was cautious about jumping into this sort of affair. That is my general impression.

Q. Was there any discussion about whether under law, Israel would be free to sell U.S. weapons to Iran?

A. I know that issue came up. But whether or not it came up at that meeting, I do not know.

Q. Have you, incidentally, had occasion to see the notes, the paraphrases of the notes, that the President made

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available to the Tower Commission?

A. No.

Q. You haven't?

A. Not the notes.

Q. Or the typed version of them?

A. No.

That went directly from the President, in his handwriting, to Peter Wallison, who had them typed up apart from my seeing it.

Q. Did you take a position at this meeting in August on whether the President should authorize McFarlane to pursue the matter?

A. Yes.

Q. What was your position?

A. I thought that it was worth pursuing.

It was an opening. I thought we should explore it.

Q. Do you remember what the President said?

A. I recall that he did authorize McFarlane to explore it further.

Q. Now, as I understand it, the President, then, on August 6 or so went out to California.

A. It was some time in that period, but I don't know the exact date

Q. Did you go to California with him?

A. A part of the time, yes.

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Q. Were you ever told by the President that he had told McFarlane that if Israel wanted to sell weapons, the United States would replenish them?

A. I cannot recall that.

Q. Do you recall at this meeting in the quarters with Secretary of State Shultz, McFarlane, and the President whether there was any discussion of "deniability?"

A. I don't recall it being said there; there were other times when that word was used.

Q. Tell me what you recall about that.

A. That later -- this would have been, at least the way I place it, back in September or in through there, when we discussed this, that if there were to be any other shipments and the like, we couldn't be seen as being the ones that were engaging in shipments. If Israel did it, that's one thing; but if we were to do it, that would be bad and we'd have to be able to deny it.

Q. The Tower Commission's Report refers to Secretary of State Shultz's testimony and notes about an August 6 meeting and one in January, in which there was a discussion about the fact that if Israel sold the missiles, the United States could always deny that it was involved.

Does that refresh your recollection at all?

A. It doesn't refresh my memory, but I know that that type of statement was made, but by whom, I don't know.

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Q. Do you recall Secretary of State Shultz saying that that would not work?

A. I do know that the President was cautioned on this. But, again, by whom, I could not swear.

Q. I want to skip ahead to a meeting with the President in December of 1985, and the date I have is December 5 and then December 7.

Do you recall that in November, while you were at Geneva, you learned that there were some Hawks being shipped by israel?

A. Yes.

Q. And you testified previously that you were told in advance that this shipment would be taking place. I think you told that to the Senate.

A. Yes.

Q. Do you remember who --

A. The reason I am pausing is I wanted to make sure that I knew they were Hawks. I knew they were munitions.

Q. Do you remember who told you that?

A. Yes. Bud McFarlane.

Q. Do you recall any briefing when you returned from Geneva in which Mr. McFarlane described a plan in which Israel would sell weapons to Iran in installments, that the hostages would be released in installments?

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A. I have a vague recollection of that. But I seem to think of that in terms of those Hawk missiles; that there was a plan whereby they would originate in one place and a shipment would go into Iran, and it would only be a partial shipment, and then the hostages were to be released, and then --

Q. When do you remember that being discussed?

A. In Geneva.

MR. STEPHENS: I'm sorry. I didn't hear what he said.

MR. LIMAN: "In Geneva," he said.

BY MR. LIMAN (Resuming):

Q. I should tell you that the notes that the President's counsel turned over to the Tower Commission refer to a discussion about the sale of weapons to Iran by Israel in installments. The discussion took place on December 7.

A. Oh, yes. That's a separate meeting. I recall that meeting distinctly.

Q. What do you recall about that meeting?

A. Well, that was one in the quarters, and, again, this is one where John McMahon was there instead of Bill Casey.

Q. That's right.

A. I remember that meeting.

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Q. That's the meeting where he was wearing --

A. A plaid jacket.

Q. -- a flashy jacket?

A. Yes, sir.

Q. Do you remember a description by Mr. McFarlane of an Israeli proposal there?

A. Yes.

Q. Was it a proposal to sell weapons?

A. That's right.

Q. Were they Tows or Hawks?

A. Those were Tows, at that point.

Q. And they would be sold in installments -- do you recall that?

A. I am not sure of the installments, but I know they were to be sold and hostages brought out.

Q. I should tell you that, again, the President's paraphrase of his notes and, according to the Tower Commission, Secretary of State Shultz's notes indicate that Secretary of State Shultz, Secretary of Defense Weinberger and you expressed opposition.

Do you recall that?

A. Yes. I have had my memory refreshed on that one.

Q. How have you had your memory refreshed?

A. By the President telling me that. [redacted]

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[redacted]

Q. And when he told you that, what was that, in connection with the Tower testimony?

A. Yes, as he prepared for the Tower testimony.

Q. Did it ring a bell?

A. Yes, it did.

Q. Now I want you to tell me about why you opposed it.

A. Well, the thing had been a fiasco up to that point, in my judgment. It had not worked.

We were dealing with some very unusual people. We were fooling around for the better part of six months with very little results to show for it, and I couldn't see the value of pursuing that avenue anymore. I thought we were dealing either with the wrong people or in the wrong way.

And, without passing merits on the information or the plan or anything else, I just said that I think it's a waste of time and we ought to get out of it.

Q. Do you remember what Secretary of State Shultz's view was?

A. He was opposed to it on the grounds of selling weapons to Iran would be misunderstood by our allies if the news became public.

Q. Did you change your mind between December 7 and the January meetings?

A. I did.

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Q. What led you to change your mind?

A. John Poindexter's assurances to the President, I think first enunciated on the way home on Air Force One Let me rephrase that -- back to Washington on Air Force One from California. I think we may have had a Mexican meeting, a meeting in Mexico, at that time.

Q. When was that? Do you recall?

A. That would have been in the first part of January, 1986, and the President being briefed by John that there was a whole new lead and a whole new plan and that it might turn things around, and he wanted to brief the President more on it after we got back to the White House.

Q. Now, do you recall --

A. Oh, plus the fact that, in the meantime, McFarlane had gone to London, returned, and his resignation had become effective, and it was now Poindexter that was the main proponent here.

Q. Do you recall that when McFarlane came back from London, he indicated that if you terminated discussions with the Iranians, the hostages could be killed?

A. Yes.

Q. Who did he tell that to?

A. This he said to the President at one of these 9:30 briefings, and, again, I believe it was the President, the Vice President, Poindexter, McFarlane, and myself.

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Q. Was there any thought given at that point that you were now in a situation where, having started discussions, you were almost being "blackjacked" into continuing?

A. I wouldn't say "blackjacked," but this was becoming increasingly evident, that unless we got on a new tack, we would, (a) probably never see our hostages; or (b) the whole project would end in dismal failure.

Q. And in January, when the President signed the finding, did you think you were on a new tack?

A. Yes.

Q. Explain that.

A. Well, Poindexter apparently had had new overtures and a new plan from these people, which seemed to indicate that there was more realism by the people with whom we were in contact, and that definitely they would work harder to get the hostages out.

Q. But, as I understand it, Mr. Regan, Poindexter was still dealing with Ghorbanifar, and you understood that, didn't you?

A. Yes.

Q. In January?

A. Yes.

Q. You were still talking in January about the Israelis selling weapons and the United States replenishing them. Correct?

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A. At some point --

Q. It changed.

A. I think we were still on that tack, yes. It was later in the year that it changed.

Q. At some point it changed, but in the beginning it was Israel?

A. Yes.

Q. So you were dealing with the same intermediary. You were dealing with Israel, and why was this a change in tack that led you to change your view?

A. Because of Poindexter's assurances that this was a new approach with a lot more realism and a lot more chance of being successful.

Q. So, what it really came down to was that Poindexter convinced you that there was more of a potential for success?

A. Yes.

Q. Now, do you recall that the proposal that he brought in early January involved the sale by the Israelis of weapons and the resupply by the United States?

A. Yes.

Q. And that that then got changed to having the weapons sold by the Pentagon to the CIA and by the CIA to an intermediary, to a private party?

A. I don't believe those details were discussed

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at the January 7 meeting.

Q. Well, do you recall that at the January 7 meeting -- and I will show you the finding -- that you were still talking about Israel?

A. Yes.

Q. And do you remember that you were talking about even a possibility that Israel would release some Hezbollahs that it had in prison?

A Yes.

Q And these were people who didn't have "blood on their hands."

A. Exactly.

Q. And that Iran would pledge that it would engage in no acts of terrorism.

A. As a matter of fact, I think it was indicated at that meeting, at that point in time that there had been a lessening of terrorism by Iran and that they were furthering their pledge.

Q. Now, is it a fact that at the time that the January 7 meeting of the group -- the Secretary of State, the Secretary of Defense, the Attorney General, and so on -- took place, that the President had already signed a finding?

A. That has been a peculiarity to me of this whole affair, because it is definitely out of normal procedure for the President to have signed a finding on

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January 6 on a subject that would be discussed at a meeting on January 7.

Q. Well, you are quoting the Tower Report as saying that it was signed by mistake.

A. I have to think that because it would not be correct for the President to have signed something. I think what happened is that he was given that as a briefing paper, to read on the evening of January 6, in preparation for his meeting on January 7, and, inadvertently, he signed it, because at the end it did have a place for approval or disapproval.

Q. Do you remember him doing it?

A. I don't remember his doing it, no.

Q. Do you remember the briefing on January 6 --

A. Yes.

Q. -- before the January 7 meeting?

A. Yes.

MR. LIMAN. I want to have marked as Regan 2 a briefing paper and the January 6 finding.

[The document referred to, document number N 1323, was marked Regan Exhibit No. 2, for identification, and is appended to this transcript.]

BY MR. LIMAN (Resuming):

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Q. Have you ever seen the briefing memo that is attached to the finding?

A. I probably did. It would be normal for me to see this, particularly as it was discussed on January 6.

The normal course of action was for the National Security Advisor to pass out copies of what he was giving to the President at that meeting, and then to collect copies back when the meeting was over, except for that one he would leave with the President.

Q. You see, it describes the plan as saying, "As described by the Prime Minister" of Israel's "~~emissyar~~ emissary/ the only requirement the Israelis have is an assurance that they will be allowed to purchase U.S. replenishments for the stocks that they sell to Iran. A Presidential Covert Action Finding is required in order for us to allow the Israeli transfers to proceed, for our subsequent replenishment sales to Israel, for other assistance which may be deemed appropriate (e.g., intelligence)."

You have actual recollection that the plan was for Israel to sell?

A. Yes.

MR. STEPHENS: May I interrupt.

There is no date on this document.

MR. LIMAN: There is no date on the copy that I have, which I have given to him. But if you look at the

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covert finding, you will see there is a date of January 6.

BY MR. LIMAN (Resuming):

Q. Am I correct that it was this plan that was --

A. That, again, by the way, is another reason to suspect that this was sort of out of order, the signature on here, because, normally, these things would have been dated when they are actionable. But if they are just for memoranda, sometimes they are not dated.

But go ahead.

Q. Do you recall, incidentally, receiving a finding from the CIA in December?

A. No.

Q. Do you recall any discussion with the CIA that it wanted a finding to protect it on the assistance that it gave in the November shipment?

A. McMahon brought that up at the December 7 meeting.

Q. What did he say?

A. He said that they needed a finding if they were to continue on this type of thing, and we should probably have one ex post facto.

Q. And was any decision made on it?

A. I think all of us agreed that it probably should be done, yes.

May I interrupt here for a five minute break?

Q. Sure.

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[A brief recess was taken]

MR. LIMAN: Back on the record.

Would you mark as the next exhibit a memorandum dated January 17, 1986, from Admiral Poindexter to the President.

[The document referred to, document number N 10046, was marked Regan Exhibit No. 3, for identification, and is appended to this transcript.]

MR. LIMAN: Number 4 is the finding of January 17, 1986, signed by the President, with an attachment to it of the January 6 finding, marked up to show the change between the January 6 and January 17 finding.

[The document referred to, document number N 8085, was marked Regan Exhibit No. 4, for identification, and is appended to this transcript.]

BY MR. LIMAN (Resuming):

Q. Mr. Regan, do you have an actual recollection of yourself, of why the plan for Israel to sell the arms to Iran was changed between the January 7 meeting and January 17?

A. No, I do not.

Q. If you look at this memorandum -- I'll put it in

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front of you, which is Exhibit 3 -- at the bottom of the first page, it says, "As described by the Prime Minister's emissary, the only requirement the Israelis have is an assurance that they will be allowed to purchase U.S. replenishments for the stocks that they sell to Iran. We have researched the legal problems of Israel's selling U.S. manufactured arms to Iran. Because of the requirement in U.S. law for recipients of U.S. arms to notify the U.S. Government of transfers to third countries, I do not recommend that you agree with the specific details of the Israeli plan. However, there is another possibility. Some time ago, Attorney General William French Smith determined that under an appropriate finding you could authorize the CIA to sell arms to countries outside of the provisions of the laws and reporting requirements for foreign military sales. The objectives of the Israeli plan could be met if the CIA, using an authorized agent, as necessary, purchased arms from the Department of Defense under the Economy Act and then transferred them to Iran directly after receiving appropriate payment from Iran."

Do you see that?

A. Uh-huh.

Q. Does that refresh your recollection that there was concern expressed about the fact that Israel could not sell arms directly to Iran without notification to Congress?

A. No, it doesn't.

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I understand what I'm reading, certainly. But I still don't recall any more about that meeting.

Q. Do you recall any briefing of the President in which that was told to him?

A. I don't recall specifically that it -- I would have to answer that, generally, I do not recall it being brought to the President's attention.

Q. Do you recall any discussion by Admiral Poindexter with the President in which Admiral Poindexter pointed out that, instead of Israel selling to Iran, that an agent of the CIA would sell to Iran?

A. I don't recall that. No.

Q. Well, you're aware now, from reading the newspapers and the Tower Board report and what else you learned, that the arms to Iran was sold by corporations, that the route was from the Pentagon to the CIA to a corporation to another entity and then to Iran. You are aware that it was that kind of arrangement?

A. Yes, I generally was.

Q. Did you know at the time that the President signed the January 17 finding that a private corporation was going to be used as an intermediary?

A. No. I had no knowledge of that.

Q. Was the President told that?

A. Not in my presence.

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Q. What did you understand was going to be the route for the sale of the arms?

A. I didn't bother myself with those details.

Q. Well, when you say you "didn't bother yourself with those details," were those details communicated to the President in your presence?

A. No, they were not.

Q. And, as you sit here today -- I know it's some time ago -- did you have any understanding of who actually was going to sell the arms to Iran?

A. No.

Q. Did you think it was the United States that was going to sell them?

A. I knew they would be our weapons that would eventually find their way to Iran. But how, I had no specific knowledge.

Q. Do you recall any discussion at any point during this process, leading up to the January 17 finding, that maybe [redacted] could supply the arms?

A. No.

Q. That anyone didn't have restrictions on sales of arms like we had?

A. When you say [redacted] a distant bell rings in my mind. But the specifics, I can't remember, no.

Q. Let me state what my concern is.

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When you read these documents, you see that the original plan was that the United States would sell to Israel and Israel would sell to Iran. That's the way it was described to you.

Am I correct?

A. That's correct.

Q. And then it gets changed to have a third party interposed, and the reason given is that you don't have to notify Congress. And that doesn't ring a bell with you?

A. No, it doesn't.

Q. But what does ring a bell, I assume, is that there was discussion of delaying notification to Congress of the finding.

That you recall?

A. Yes.

My impression is the reason for the delay was always the safety of the hostages.

Q. Now, let's talk about that.

Whose idea was it that Congress shouldn't be told?

A. I cannot put that to any one specific person. It would be my impression that this came generally from NSC sources.

Q. You understood that Ghorbanifar knew of the plan, right?

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A. Yes.

Q. And you were willing to take the risk -- when I say "you," I mean, obviously, the President and his advisors were willing to take the risk that Ghorbanifar would keep a secret -- correct?

A. Yes.

Q. And Israel knew about this?

A. Yes.

Q. And you were willing to take the risk that Israel would keep that secret?

A. Yes.

Q. And, of course, Iran and elements in Iran would have to know about this?

Right?

A. Yes.

Q. And you would be taking risk, that they would keep the secret?

A. Yes.

Q. Did anyone say that it makes no sense at all to trust these outsiders but not to trust the Intelligence Committees of the United States Congress?

A. I don't recall it being put as starkly as that.

Q. You see, this wasn't a closely guarded secret. You had a country that was describing the United States as "Satan" which knew of this.

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A. Well, I know now a lot more than I knew then. But I had no idea of the numbers of people involved.

We thought it was a small, select group. Each one had a peculiar interest in this.

Q. But, Mr. Regan, missiles were going to arrive in Iran and so there would be military leaders there and a government that would know, you know, that they just didn't come in the mail. Right?

A. We were aware of that.

As a matter of fact, that was one of the reasons that we were shipping them.

Q. Was it so that they would be available for their army?

A. No. So that they would understand that they were dealing with the President and that we were trying to establish contacts with them.

Q. But you have no recollection whatsoever of anyone saying that whatever may be the provisions for delaying notification, how can you justify delaying notification when you have foreign countries who know about it, when you have a middleman like Ghorbanifar knowing about it?

A. No way.

Q. That point was just not raised?

A. No. I do not recall that coming up.

Q. Do you recall any discussion about when Congress

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could be notified?

A. All I kept remembering was in due course or in proper course.

Q. From the time the finding was approved until all this news broke in the end of October, 1986, did the Attorney General ever inquire of you as to whether the time had come to notify Congress?

A. No. Not that I recall.

Q. Did he ever inquire of the President in your presence?

A. I recall the Attorney General at one or more meetings stating that there would come a time when we would have to notify the Congress. Yes.

Q. But was there any discussion of whether that time had arrived?

A. I don't recall it in that time.

Q. Did you consider the McFarlane mission a failure?

A. Which one?

Q. The one in May.

A. The one in May? A failure -- no, because we didn't know what would lead from it. A disappointment, yes.

Q. Was there any consideration at that point in your presence of notifying the Congress?

A. No. I don't recall that coming up.

Q. Did anyone give any particular reasons for not

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notifying the Congress?

A. The safety of the hostages was what I keep remembering as the paramount concern, and that anything that you say, if it leaks and gets into the press, there will be danger to the lives of the hostages.

Q. So that if Congress let it out that there were these discussions going on, that could endanger the hostages?

A. Yes.

Q. Did anyone give any explanation as to why that would be?

A. I don't know that anyone gave that explanation.

I do know that I was under the impression that the Iranians were in touch with people but did not control the people who had the hostages, and if that cover were blown, the reaction of the captors might be to destroy the hostages.

Q. By "the cover," you mean that if the captors knew that Iran was bargaining for their release?

A. Yes.

Q. And what assurance did you have at these meetings that Ghorbanifar would keep his mouth shut?

A. None, except he was one of the parties in there that was a representative of the Iranian forces who wanted these things; that it was in their self-interest not to have

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it disclosed.

Q. Weren't you told before this January 17 finding was signed, that the CIA considered Ghorbanifar to be a man of deceit?

A. We were told that at some point, but exactly when, I don't remember.

Q. Were you told that he had flunked a lie detector test?

A. I'm not sure we were told prior to January 17.

Q. Whenever you were told, was there any thought given at that point to telling the Congress?

A. Not in my presence, no.

Q. Who had the responsibility for monitoring the compliance with the reporting statutes?

A. The National Security Council, the National Security Advisor.

Q. Was there ever any discussion in your presence of the view that restrictions that applied to the CIA did not apply to the National Security Council?

A. I believe -- again, this is an impression, without knowing specifically who told me this -- that there was a distinction and some difference between their standings.

Q. And you do not recall who told you that?

A. No.

Q. Do you remember whether that came up in connection

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with the Contra aid?

A. It did not come up in connection with the Contra aid.

Q. What did it come up in connection with?

A. I think it was in this time that we were in this general frame of January - February discussions, followed by an actual sale in February. It was at that period of time.

Q. Was there ever -- did you ever hear anyone say we have to let the NSC do it because the CIA can't?

A. No. I don't recall that being the case.

Q. The last thing I wanted to ask you is this. You obviously have read the Tower Commission report.

A. Yes.

Q. Insofar as your role is concerned, are there any factual assertions there that you would dissent from? I'm not talking about the conclusions. I can assume about that.

A. Factual conclusions -- I haven't checked it with that in mind. I looked at the conclusions, with some of which I differ, and some references to my own testimony, to make certain that what they quoted was correct, as far as I remembered it. But as to whether or not everything in there was facual, no.

I have been told there are errors, but I have not looked for them myself.

MR. LIMAN: Do you have any questions?

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MR. EGGLESTON: Actually, we are curious observers at this and I don't have any questions.

MR. LIMAN: Does anyone have any questions?

[No response]

MR LIMAN: I thank you very, very much.

THE WITNESS: Thank you very much for your courtesies.

[Whereupon, at 5:15 o'clock, p.m., the taking of the instant deposition ceased.]

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DEPOSITION OF DONALD F. REGAN

Wednesday, July 15, 1987

House of Representatives,
Select Committee on Investigate
Covert Arms Transactions with Iran,
Washington, D.C.

The select committee met, pursuant to call, at 8:30 a.m., in [redacted] Pamela J. Haughton [Staff Counsel to the select committee] presiding.

Present: On behalf of the House Select Committee: Pamela J. Haughton, Staff Counsel; and Robert W. Genzman, Associate Minority Counsel.

On behalf of the Witness: John A. Mintz, Attorney at Law, Gibson, Dunn & Crutcher.

Also Present: Corrine Travis, Notary Public.

Declassified/Partially Released on July 29, 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

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MS. NAUGHTON: We are on the record.

I am Staff Counsel to the House Select Committee to Investigate Covert Arms Transactions with Iran. People around the table, if you would, please introduce yourselves.

MR. GENZMAN: My name is Robert W. Genzman. I am Associate Minority Counsel for the House Committee.

MR. MINTZ: I am John Mintz. I am counsel for Mr. Regan.

THE WITNESS: I am the interviewee.

MS. NAUGHTON: Did we have a notary? Great. Thank you.

THE WITNESS: Would you come in now? Would you identify yourself for these people?

MS. TRAVIS: Corrine Travis, Notary Public.

MS. NAUGHTON: And you are a notary for the State of Virginia?

MS. TRAVIS: At large; that is right.

MS. NAUGHTON: Thank you. If you could, would you please swear the witness?

MS. TRAVIS: Oh. Will you please raise your hand?

[illegible]upon,

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DONALD F. REGAN

was called for as a witness and, after being duly sworn, was examined and testified further as follows:

MS. NAUGHTON: Okay. Thank you.

MR. MINTZ: Thank you very much.

MS. TRAVIS: You are most welcome.

MS. NAUGHTON: I appreciate your cooperation.

MR. MINTZ: Fine.

[Discussion off the record.]

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MS. NAUGHTON:

Q Okay. Mr. Regan, I, of course, read your previous deposition before the committees and I don't want to plow through old ground at all. What I want to do is take you through a couple of events that we need a little more explanation about.

And I would like to start with basically the downing the Hasenfus plane in October of--first week in October of 1986.

A Um-hum.

Q Could you tell me, sir, when that went down? And the news reports started coming in, what were you told about the connection of that plane, that C-123, with any government operations?

[illegible] Very little, if anything. It was not identified, at [illegible] in my presence, as being a government plane or either a government agent.

Q Okay.

And did anyone give you that assurance that there was no government involvement with the aircraft?

[illegible] I don't recall the question being raised either way.

Q There were statements from the Administration that the plane was not in any way connected to the United States, very early on. Do you recall?

A That did not come from the Oval Office nor my side of the West Wing. Whether it came from anyone else there, I wouldn't know.

Q Were you aware of the request for Independent Counsel made by the House Judiciary Committee then in the second week of October 1986, regarding Oliver North and an alleged supply--

A I remember reading about it at the time, but I don't recall it being the subject of any suggestion of me.

Q Okay.

Do you recall reading about who was the target or the alleged suspects of that IC probe, the request for the IC?

A No, that is very hazy in my mind. You have got to remember right about that time, I believe we were preparing [illegible]kjavik to meet with General Secretary Gorbachev, [illegible] the thing that was uppermost in our minds, and [illegible] same time, as I recall it, we were having a major budget battle.

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We did not have a budget, and September 30 had come and gone, and we were worried about that. Those were the things that were occupying my attention, and accordingly, this incident in Central America did not capture my attention at all.

. Q I would like to go back then, if I could, to the November Hawk shipment in--

. A I apologize for that noise in the background, but they are building office space next door.

. Q Hawk is H-a-w-k, a type of missile that the Israelis sold to Iran on or about November 25 or so, 1985. You, I take it, were in Geneva with the President before this occurred?

. A That is correct.

. Q Do you recall Bud McFarlane briefing yourself or the President regarding this imminent shipment of missiles by Israel?

. A I recall Bud telling me that he had some information about the hostages that he had to tell the President, and I saying to him that as soon as we get a moment's respite from the business at hand, we will try to get a few minutes with [illegible]resident, but in all honesty, I didn't want to [illegible]rupt the President's train of thought, because we were concentrating on disarmament and some of the Soviet proposals, but there did come a time when McFarlane was able to brief the President on this, and it was that, a very

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brief meeting to tell him about the Hawks and the hostages.

. Q Was that done in your presence?

. A I believe so.

. Q Was anyone else there besides the three of you?

. A I don't recall there being anyone else at that time. I do recall that McFarlane told me that he would or had, I am not sure which, discussed this with Shultz.

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. Q Did he say whether or not he had discussed it with Secretary Weinberger or intended to?

. A Well, Weinberger was not in Geneva, and so therefore I don't recall his telling me anything about Weinberger.

. Q Okay.

. Do you recall then what he told you regarding this Hawk shipment?

. A It is very vague, because you have got to remember, this is just, again, a few minutes in a very busy 72-hour period, but it was to the effect--it sticks in my mind is that there would be 80 Hawks, not 18, 80 Hawks that were going to be shipped from Israel to Iran, and it is also vague in my mind.

[illegible] I am not sure if this is the time or at a later date [illegible] there was discussion of the simultaneous release of some prisoners by Israel, people that they had incarcerated who were non-terrorists, and our own hostages would be released by the Hizballah simultaneously.

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. I do recall his saying it was a complicated deal, because these ~~plains~~ planes had to get airborne, hostages released, planes continue their mission and land--I believe it was into Brass Tabriz(?), but I don't want to swear to that, and if the hostages weren't released and the planes had not reached the point of no return, they would come back.

. Q Did Mr. McFarlane mention any involvement by the CIA on any of this, in the transportation or in the air clearance?

. A No, no details.

. Q Did he mention any involvement that he had participated in in getting air clearances through certain countries?

. A No.

. Q Okay.

. Was this taken to you, then, as sort of simply informational or for seeking concurrence or approval of the President?

. A I don't recall its being stated as--you know, ''Mr. President, will you give us your approval?'', or things of [illegible] nature. It was more in the nature, I want to keep you [illegible]ed on what is going on, you know, sort of ''meanwhile, back at the ranch'' type of information.

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. But I don't recall permission being sought or given.

. Q Was this--was it your understanding at that point

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that this was solely an Israeli operation or--

. A Yes.

. Q Okay.

. And was--

. A Although we were aware of it, our people were aware of it, and although which of our people or who was not stated.

. Q Was there a discussion either at that time or shortly subsequent to that regarding the replenishment of those Hawk missiles back to Israel?

. A I am not sure it was at that time, but I did have an understanding that we would be asked to replenish the stocks for the Israelis.

. Q And was there a decision made as to replenishment as to how that would happen, or a discussion as to how it would occur?

. A No.

. Q Was it decided then that we would replenish, or was it simply mentioned that--

9 [illegible] A It was mentioned that we would probably be asked, as [illegible] recall it. I, again--I can't recall the precise words, but [illegible] general, the understanding was that we would be asked to, and there was no dissent from the President nor from me that we wouldn't replenish.

. Q All right. And was this in 1985?

A November of 1985, while in Geneva. Which date, I [illegible]'t know.

Q Do you know of anyone else in the Federal Government that was aware of this shipment other than yourself, the President, Mr. McFarlane and possible Secretary Shultz?

A No.

Q Okay.

A Oh, wait. No, I wouldn't swear to that.

MR. MINTZ: Counsel, is your question at that time--his knowledge at that time?

MS. NAUGHTON: Yes, obviously people have learned subsequently, but I am speaking in terms of the Novem[illegible]r 18 through 25 time frame.

THE WITNESS: I was trying to think as to whether McFarlane told the President the source of his information as to who had told him this, but I can't recall with any definitiveness the name of the person.

BY MS. NAUGHTON:

Q Okay. Was Mr. McFarlane speaking from notes or simply off the top of his head?

[illegible] I think it was more from memory.

[illegible] Okay.

And did anybody--

A Because, again, you have got to remember that oftentimes, during that period of time we were in Geneva, these types of conversations and--where information was being passed to the President, and as I recall was also right at that time--I think at that time were engaged in something else about the budget.

I would take the President aside, and you just go over to the side and talk about something and then get back into the mainstream. It was that type of conversation.

Q Okay.

So there were no notes taken that you can recall?

A No. I certainly didn't make any notes myself.

Q Now, shortly after this episode, of course, there was a finding prepared by Judge Sporkin, and then sent on to the President.

Do you recall ever seeing this November 26 finding?

A You say it was sent to the President. I don't know that to be a fact, and I have never seen it. I learned of that subsequently, but I don't recall ever seeing nor hearing about the Sporkin finding in November of 1985.

Q Okay.

Could you tell me, would you normally get involved [illegible] findings, or would that be something done totally through [illegible]tor Casey to the President?

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A I would have to qualify it. I would say usually. There--there is way that that could by-pass me, and sometimes information or memoranda of this nature did by-pass me, so I couldn't say that I always was involved, but usually.

Q Could you tell us how it would be that it would bypass you?

A Each--now, this is very sensitive what I am going to say here. Can I assume that anything I say will be held in confidence?

MR. MINTZ: Not in confidence, but let's stop for a moment and inquire about classification level. That is one of the concerns you have, I am sure. What are the levels of security clearance that we have represented here?

MS. NAUGHTON: Well, we have code word. I don't know what yours is, and I don't know what the reporter's is. If--if we could get--what we will do, all of our depositions are taken in executive session and they are confidential.

We do not release them, and without getting them unclassified by the White House and then redact certain portions, but I am really looking for sort of a general response.

THE WITNESS: Well, I can't respond without informing you as to how the President receives his intelligence. Now, this may have been testified to by someone else. I don't know. I haven't followed the proceedings.

intelligence

someone

MR. MINTZ: Why don't we take an adjournment and go and discuss this, and then we will come back in a couple of minutes.

MS. NAUGHTON: All right.

[Discussion off the record.]

MS. NAUGHTON: Okay.

BY MS. NAUGHTON:

Q I guess I was asking you about how it would be that a finding would by-pass you?

A Each morning, the President receives a folder containing intelligence material from the National Security Adviser or at the time that the National Security Adviser comes in for the President's daily briefing at 9:30. There could be documents placed in that folder that only the President would see and returned to the National Security Adviser without going through the normal White House paper process. That has happened seldom, but it has happened.

It did happen during the period when I was Chief of Staff.

Q At the security briefings every morning, were you always present or sometimes present or--

A Most of the time, I was present; if I were in town, [illegible] that was usually. If the President was there, I was [illegible]e.

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Q Okay.

Was there every a time--

A Let me just say that to give you a frame of

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reference, maybe once or twice a month, I would not be present.

Q Okay. Would you in that case send a deputy or someone in your stead?

A No.

Q Okay. So there may have been occasions where Admiral Poindexter would have met with the President alone.

A Admiral Poindexter, and Mr. McFarlane, prior to Admiral Poindexter, had authority at any time to see the President alone, and occasionally they exercised that authority and privilege.

Q Okay.

A So it wasn't just ~~it was~~ at the briefing, although I will also tell you that when he was in town, the Vice President also attended these briefings, so there could have been a time when I was not present but the Vice President was present. I don't want to confuse the issue, but I just want to clarify it.

Q Okay.

Do you know whether or not the Vice President took notes when in attendance?

A This in retrospect galls me. I thought there were always a note taker at those meetings, because usually the National Security Adviser brought a deputy with him. In McFarlane's case, it was Poindexter; then later it was

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[illegible]tier, than later on Rodney McDaniel. They always had pad [illegible] pencil, and I assumed they were taking notes.

I have since been told that they were not note takers of the proceedings. They were merely there to jot down items that the President requested or to make a note of a Presidential opinion of something or a subject.

Q Who told you that?

A I don't know, but someone on my staff, because I asked during the period in preparation for my own testimony to the Tower Commission, are there notes of the meetings with the President, and the word came back to me, "no, no notes were taken by those people."

Now, in answer to your specific question, the Vice President did not take notes, nor did the President, nor did I.

Q Okay. As to the Iran initiative, and I am speaking on the time frame from August of 1985 up to, let's say, January 17, when the final finding was signed, were these discussions with the President normally in the course of those morning briefings, or were they special meetings that were [illegible] called, or was it in a more haphazard--

[illegible] The--most of the discussions with the President about the hostages took place at the morning meetings. The subject of the opening to Iran and relations with Iran was a subject of a group meeting of some nature toward the end of

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July, first part of August of 1985, and again, another meeting in December of 1985--first week in December of 1985, and then a meeting on January 7 of 1986.

. Those are the only meetings I can recall specifically on that topic.

. Q Um-hum.

. Now, getting to the December 7, 1985 meeting, this was with Secretary Weinberger, Secretary Shultz?

. A This ~~is~~ was with a host of people in the residence. The reason it was held in the residence was it was a subject that we wished to discuss with the President upon his return from the ranch after Thanksgiving in 1985, but did not want to appear on his schedule because of the sensitivity of the topic.

. Q Um-hum.

. A It was therefore held on the Saturday morning in the residence.

. Q And at that meeting, do you recall the Hawk shipment being discussed?

. A There was probably reference to it, yes.

. Q Do you recall in what context?

. A In reviewing what had happened and whether or not our policy was a successful one or a failed one that was used as an example of a mix-up that indicated that the mechanics of carrying out this policy was too cumbersome

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and--well, I recall that some people said that was an example of why we should stop the policy, cut it off, forget it, and others saying that there could be a better way or should be a bitter better way, and, if not, it should be cut off.

. Q Was there discussion of a finding having been written?

. A I recall, and this is very imprecise in my mind. Mr. McMahon, who was there in place of Director Casey who I believe was traveling abroad, brought up the subject that we would certainly need a finding to support any sales of arms--of our arms by Israel.

. Q All right. Was he talking prospectively or retrospectively?

. A I gathered that he thought that if we were going to go forward with this, if we weren't going to stop then and there--and I believe he was inclined to feel that we should Stop stop, although he wasn't commenting that much on policy, that we would have to have a finding if we were going to go forward.

. Q Didn't anyone say at that point, but we already have a finding or one was already drafted?

. A No. I don't recall that being said.

. Q Um-hum. When is it that you first saw the November '85 finding?

. A I never saw it until--I don't know; a couple of months ago or whenever it surfaced.

. Q Okay.

. A I certainly didn't see it before I testified at the Tower Commission.

. Q Could you tell me in terms of the regular procedures on the findings, would they all be sent to the Department of Justice for review for legal sufficiency?

. A That would be normal.

. Q Was there ever a time when that did not occur?

. A Not that I know of.

. Q Okay.

. Now, were there subsequent meetings to the December 7 meeting in December of 1985 to discuss this topic?

. A Mr. McFarlane, having been sent as an aftermath of that meeting to London, returned and briefed the President on his mission, so there was a meeting at that time about the subject.

. Q Okay, and what do you recall Mr. McFarlane telling the President?

. A That it was a shady bunch of characters they were dealing with, and he didn't think that there was much hope of furthering contacts with Iran through that channel, and I am not certain that he said this in absolute terms, but I gathered that he was discouraged and thought that it should be aborted.

. A That, of course, coincided with the advice that Shultz, Weinberger and I had given to the President on December 7, to the effect we thought it should be aborted.

. Q And what was Director Casey's position?

. A I don't recall Director Casey being at the McFarlane briefing, and he wasn't there, of course, on December 7.

. Q Do you know what his position was during December of 1985?

. A No, I wouldn't want to characterize that.

. Q Now, it sounds as though in December of 1985 basically minds were pretty much similar that this was not a good idea or wouldn't be carried out very well. What happened to change that?

. A I don't know. I am learning more as a result of this hearing, but at that time, I certainly didn't know. I do recall that shortly after the President returned to Washington after New Year's and a visit--~~State visit to Mexico~~--I won't say State visit, ~~a visit~~ to Mexico and a meeting the President De la Madrid that John Poindexter, who was then the National Security Advisor, raised the issue that that was a possibility of a new way of approaching the Iranian contact, and ~~that he~~--he indicated that he had this knowledge from Israel or Israeli connections, and that he thought it worth exploring.

. Q And was this in early January?

A Early January, 1986.

Q Okay.

Now, prior to January 6, do you know whether or not the Attorney General was informed of what had been going on in 1985 or took part in any of the discussion?

A He was not at the December 7 meeting. I know he was not at the meeting when McFarlane reported back on his London mission, so I don't know what the Attorney General knew--certainly never in my presence was he told about the Hawk shipment.

Q What was his first involvement that you are aware of?

A Well--involvement in what?

Q In the Iranian initiative?

A I recall his being at the January 7 meeting where the situation was discussed and the new initiative advanced, and I believe he was involved in the preparation of that finding that later became known as the January 17 finding.

Q Were you aware at the January 7 meeting that there had been a finding of January 6?

A Yes.

Q Okay. And how did you become aware of that?

A That was brought up with the President either on January 6 or January 7--I am not certain which--at the 9:30 briefing, and gone over with the President by Admiral

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Poindexter.

. Q Was anyone else present?

. A Vice President--I place him there, and I believe it must have been Don Fortier at that point, ~~because~~ as --deputy.

. Q And was this finding simply discussed with the President or was he asked to sign it?

. A Well, that is curious. I have been told that that January 6 has been signed. I have never seen the signed document. I have seen what has purported to me to be January 6. Other attorneys questioning me have shown me a document, and yet, I have not seen the President's signature on the January 6.

. Is there a signature on the January 6 document?

. Q I would have to go back and look.

. A I honestly don't know. It has never been shown. You will recall, counsel, that yesterday we were shown a document by attorneys on this, and I looked closely at that and didn't see the President's signature. I saw the President's signature on January 17, but not on January 6, although it has been told to me time and again that January 6 one was signed.

. Q Okay. As you know, the major difference between the findings ''and third parties'' is added, in other words, to make a what is called a commercial cutout into the venture. Do you recall how that was explained to the President, that

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change?

. A No, I don't. The January 6 one was gone over in detail as preparation or prelude to the January 7 meeting. And the President was certainly familiar with the document during the discussions on January 7, and what they proposed to do.

. On January 17, 10 days later, a lot of water under the bridge, Admiral Poindexter brought up, I believe at the close or just at the start, one or the other of the meetings, because I recall us standing rather than sitting when he briefed the President on what was in the document.

. I don't think he circulated it; that is, gave copies to either the Vice President or myself, and verbally told the President this is the finding that we discussed at the January 7 meeting. I have cleaned it up. There are a few changes, yackity yack. I don't recall him saying what the changes were.

. Q Okay.

. Was, then, the subject of using a commercial cutout discussed with the President?

. A Commercial cutout was never discussed. I don't recall the words ''commercial cutout'' ever being discussed. I would have picked up my ears at commercial cutout, but at that time, I don't recall there ever being a commercial cutout being used.

Q Was there any discussion of Mr. Secord and his involvement?

A Never in my presence. I never heard the name until after this--after November 25.

Q Okay. Now, on or about January 6, prior to the meeting, was there any direction to Admiral Poindexter to have the Attorney General check out the January 6 finding?

A No.

Q Okay.

MR. MINTZ: That is as to your own knowledge.

THE WITNESS: As to my knowledge, yes, and I hasten to add the Attorney General, I believe, was at the January 7 meeting where it was discussed.

BY MS. NAUGHTON:

Q Well, we have heard testimony in the hearings that Oliver North brought out the finding to the Attorney General on the 6th of January.

A I have no knowledge of that.

Q Okay. I guess I have to ask this question:

Was Oliver North present at any of the meetings you have described?

A No.

Q Okay. If you can, give us a background--there have been many allegations regarding his access to the President. Do you know whether or not now, after the fact, he ever meet alone with the President?

. A To my knowledge, Oliver North never met alone with the President of the United States during the time that I was Chief of Staff.

. Q Do you recall a time when he was ever meeting with the President without either Mr. McFarlane or Admiral Poindexter present in the years 1985 and 1986?

. A That could have happened. I asked for ~~and~~ and received a list of the times that Oliver North was with the President of the United States according to the records kept of Presidential meetings. That list was furnished to me on November 28. And copies have been furnished to you ~~on you~~, plural. ~~The~~ There could have been a time, for example, in which Oliver North was present with people who were supporters of the contras and the President of the United States go into that meeting for what we called a drop-by, making a few statements and talk to the people.

. North could have been present there, but McFarlane or Poindexter, depending upon what year, would not necessarily be there or have to be there, so in answer to your question, that is possible, but it would never be at a point in time where North would be alone with the President.

. Q During these meetings with the people you have described, were you present?

. A I normally accompany the President--we would go into

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the room and leave when he left.

Q And what was the President told about why these people were visiting the Oval Office?

A I don't recall the specifics of it, but in general, it was to thank them for either what they had done or were about to do. I recall one specifically which was that they were paying for ads that would be put on TV or in newspapers urging citizens to write to the Congress to support the contra financing.

Q Do you know who told him this?

A That was in the briefing papers that were prepared for the event. That would have come from--probably through the public liaison group, which--of the White House staff--would have prepared those papers.

Q So, this would have been the outreach group?

A Yes.

Q That Ambassador Whittlesey would have--

A ~~Although~~ She was not there at the time, it was Linda Chavez under Pat Buchanan.

Q Was the President ever told, to your knowledge, that these people were donating money for, among other things, lethal weapons to be sent to the contras?

A I recall Dave Fischer telling the President about a woman who, on her own, had purchased a helicopter for the contras, but I believe it was a Med-Evac helicopter, not a

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gunship.

. Q Do you recall any other--or any instances where the President was told that these people he was meeting with were providing lethal aid to the contras?

. A No, I don't believe the President was ever told that. I believe it was asserted that these people were contributing in general to the contras, with no specifics on what they were doing accept for the newspaper ads.

. Q Okay.

. Were you present when the President met with Ellen Garwood?

. A I don't recall that. I think that was what was termed a photo~~opp~~ op (or opportunity). That is, these people came in, had their picture taken with the President and had a few words of conversation with the President.

. These normally happen at the end of the day, and I was not present. I never attended those.

. Q Who would have in the normal course?

. A Well, the President's personal aide, Jim ~~Coon~~ Kuhn, was also present during those photo ops, and whoever the action officer was from public liaison or whatever particular sector of the staff had proposed that the person be brought in, or persons.

. Q Okay. Did the President ever discuss Mrs. Garwood in your presence?

A I don't recall that.

Q Okay.

If we can get back now to the Iran initiative. In March of '86 or so, you made an inquiry, I believe, which eventually got to the Customs Service regarding a criminal case they had about a man who supposedly supplied 10 helicopters to Iran, named Golitschak, and I will spell this G-o-l-i-t-s-c-h-a-k. Was a case out of the Western District of New York, and Van Raab ended up writing a memo to you regarding the status as criminal.

A I have completely forgotten that. That is entirely new. Do you have the document? Can you furnish it to me?

Q We can furnish it to you at a later date. I don't know that we have it. We have a reference to it in our--

A I am sorry, I have no memory of that.

Q Okay, you don't recall making a inquiry of the Customs Service on that issue?

A No.

Q Okay.

A I made it you say?

Q Yes.

A Okay.

MR. MINTZ: Counsel, was that memorandum from Van Raab to Mr. Regan?

MS. NAUGHTON: That is my information, it was March

31, 1986, and this is a defendant who was convicted and is serving a three-and-a-half-year sentence. It just showed up in our computer print-out, and I was just curious.

THE WITNESS: I, too, now.

BY MS. NAUGHTON:

Q Okay. If we can move along, then, to the summer of 1986 regarding the Iran initiative. Did there come a point in which you were aware that Director Webster of the FBI became aware of the Iranian initiative?

A No.

Q Then, if we can go to early November when the thing started to become public.

A Um-hum.

Q Do you recall what your first knowledge was?

A Newspaper account of the--I believe it was the morning of--either November 3rd or 4th. It was right after the election or simultaneous with the election--I am not sure ~~what~~ when the election ~~date~~ day was--spotting a small piece in the paper about the fact that there was a report from an obscure newspaper in Lebanon that McFarlane had gone to Iran.

Q Okay.

Was there a meeting held after that--that disclosure?

A No, not until it gained wider circulation the next day. It was picked up by our own press in more detail.

Q Okay.

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A And I believe you will find that in my notes of the staff meeting of November 4th--perhaps November 5th--in which I raised the issue, ~~and~~ Larry Speakes also raised the issue of what is this story. He was ~~and being~~ answered by John Poindexter ~~to Larry~~ to the effect, brush that story off; there is nothing to that.

Q Okay. Obviously, Mr. Speakes was not aware of the Iranian initiative.

A That is correct.

Q After he left that meeting, did you have a discussion with Admiral Poindexter about that?

A I don't know whether it happened at the 9:30 meeting with the President or when, but I do recall talking to Poindexter about it, who cautiously said, ''Hey, we have got to play down that story, because the lives of the other hostages can be in danger.'' We are at a point here where you will recall on November 2nd David Jacobsen had been released.

David Jacobsen arrived in Germany on November 4th. David Jacobsen came to the White House on November 7, and you will recall his adding his voice to the plea, for God's sake, don't talk about this--very dramatic. That is what Poindexter had been telling all of us who knew ~~new~~ of McFarlane's trip. ''Don't talk about it, because this will endanger the other hostages, and we still have a chance of getting them

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out.''

. Q Was that chance imminent?

. A We were led to believe that, yes, because Jacobsen had come out--as a matter of fact, when Jacobsen came out, I believe we thought there were going to be others with him, and we were disappointed that he came by himself, and we were still negotiating for the others.

. Q If I can back up for a minute on that question of imminence. Others have testified that when discussing this in January of 1986, you believed that it would just be a 30 or 60-day operation and that was one of the reasons Congress wasn't informed of it.

. Do you recall that? Is there a sense that this was going to be a short-term thing?

. A I didn't have any terminal date in mind, no. The only thing I recall about Congress being told was--and I am not sure whether, at which meeting it came up, but I was made aware of the William Smith decision being told to ~~him~~ me and to the President, that covered a situation like this ~~that~~ when ~~were~~ lives were in danger, we didn't have to notify the Congress until such time as the--operation was complete.

. Q Do you recall who expressed this opinion, who told you that?

. A All I recall is it being generally said. I picture in my mind Director Casey saying that. I am not certain about the Attorney General saying that, and I picture the National Security Adviser saying it at that point, Poindexter.

. Q Have you ~~saw~~ seen the Smith opinion since?

. A No.

. Q Have you ever seen the Smith opinion?

. A No, I am not a lawyer, and very frankly, with all due respect to you as lawyers and my own counsel, I tune out when we get into the legalities and the niceties of the law.

. Q Okay.

. So, you were basically relying on the Attorney General and Mr. Casey's input on that score?

. A On the legal opinion, that somebody in NSC has done the legal work or they wouldn't be so advising the President?

. Q Okay, certainly Congress has been notified on other covert actions that certainly involved lives. Do you recall what it was that made this different?

. A The fact that our channel--this is the way it was told to me and my impressions then. I have a different impression now, but I will try to go back and give you my impression then, not now.

. At that point, we were told that our contacts in Iran were such that if this became public knowledge that their lives would be in danger, and that they were doing something that might provoke the wrath of their government if found out that they were dealing with us and with Israel. And accordingly, we had to be super-cautious on this to prevent the loss of American lives, i.e. hostages, and the loss of life of our contacts and, of course, shutting ~~of~~ off that channel.

. Q You said that you have a different impression now. What is your impression now?

. A Well, now I know the cast of characters, having read and listened to testimony, ~~and~~ about a pretty sleazy group. Personally, I wouldn't care what the hell happened to them, but that is my personal opinion at this point.

. Q If we can go back then to November. Once this thing began to unravel--

. A But, on the other hand, I hasten to add, I don't think in covert operations and in dealings with this nature, you deal only with Boy Scout leaders.

. Q Certainly. As Oliver North said, if Mother Theresa could have been sent to negotiate--

. A Exactly. I am not sure she would have been sent by the Ayatollah.

. Q Getting back to November, then. Do you recall who participated--

. A November of what?

. Q '68.

. A Okay.

Q Once the public statements came out.

A All right. These things happen in November.

Q Yes, that seems to be the key month. Do you recall who participated in preparing the President's statement during this time period now from November 7, let's say, until the--through the 9th?

A The President made a statement on TV addressed to the Nation on November 13. Starting November 10, speechwriters worked with members of the NSC staff to prepare the basic draft of that TV address. It then passed through many hands, maybe as many as 15 in the White House complex for comment and possible editing, until the final product was ready on the 13th for the President.

Q I don't know whether or not you watched Mr. Cooper's testimony, but Mr. Cooper from the Department of Justice--

A Just occasionally.

Q He testified that he met with Commander Thompson and Admiral Poindexter in an attempt to try to get some of the facts and put it in a legal context. Were you aware that this activity was going on by the Department of Justice?

A No, not by the Department of Justice, but I can tell you, starting on or around November 5th or 6th, I was asking the President of the United States and Admiral Poindexter to make all of the facts public, get it out, get it on the record now, tell everything that we know, that the cover is blown, why not talk, and it being argued successfully by Poindexter that, no, there is still a chance that we can get the hostages out, and the President electing to go with that and to remain silent.

. This thing was building up a head of steam from the 6th. The 10--finally, on the 9th--well, I have a memo which you have a copy of in your files, ~~and~~ from Pat Buchanan ~~and~~ to me saying this is a disaster and unless we made complete disclosure, we were going to be jeopardizing this Presidency, and my scrawling across the bottom of it, the memo, in disgust:

. "I have been trying to do this for a week without success. If we can only get the facts out"--well, let me see what else I said. I went on to say that, "I think I am finally meeting with success, and I told him that I would tell him more tomorrow morning," that being the 10th, because at that point in time, I finally had gotten the President to agree to the TV speech and get Poindexter's acquiescence to it, so I knew--I wanted someone to get the facts out, but who was gathering facts or if there was an independent group trying to gather facts, I didn't know about it.

. Q Okay. You said you had been trying for a week to get the facts?

. A Right.

. Q What was stopping you from getting the facts?

. A No, not getting the facts, getting it out to the public, when we knew and when we knew it; and did McFarlane go? Yes, McFarlane did go. Yes, admit it, bring it all out--but being told hush, you are endangering lives. You are going to blow the whole thing if you do that.

. It is premature. We can't do that yet.

. Q Anyone other than Admiral Poindexter advocating that, not becoming public.

. A I want to say Director Casey, but--I am not absolutely certain of that, but I believe so.

. Q And he for the same reasons?

. A Yes.

. Q Did either one of them ever discuss with you that there was a problem, either legally or in any other way, with the November '85 shipment?

. A No--at any time? Or then?

. Q Well, I am not concerned with anything after January 1987.

. A Well, you put a qualifier in ~~their~~ there "legally." No, they did not discuss with me anything "wrong legally." I do recall discussions that the whole shipment was wrong; that is, it was the wrong type of missile, ~~the wrong~~--had the wrong markings on the box for the Iranians, things of that nature. But I don't recall the legalities of that being

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brought up.

Q Okay. Do you recall when it is you first saw a chronology?

A On the night of November 19, 1986, the President held a press conference. There was a mixup during the press conference on whether or not a third country was involved and whether or not I had identified that country, as I recall.

A clarifying statement was issued, written by Poindexter, ~~approved by Poindexter~~, approved by the President. After that, I returned from the White House to the West Wing, and in the Roosevelt Room found a group of staffers, some NSC, some other West Wing types, including press people--our own press people, not outside press--holding a discussion of the events.

Colonel North was among those present, and he was telling people of how these things happened and when they happened. I listened to the discussion for a while, and then decided to go to my own office ~~and~~ to wrap up and get out.

As I was going out David Chew, Special Assistant to the President, accompanied me and said to me, ''Did you recognize what Ollie North had there?'' I said no. He said, ''He has got a chronology of what has been going on.'' I said I didn't realize that. He said yes. I said, ''See if you can get a copy of that for me.'' He said, ''He won't give you a copy, you better get your own.''

On the Following morning, November 20, I asked Admiral Poindexter for a copy of whatever chronology they had regarding when and how these events had happened.

Q When did he actually provide you one?

A He assured me he would get me one, said it was incomplete. On the morning of November 21, he furnished me with a copy. I eyeballed it, looked at it quickly and turned it over to the President's counsel, Peter Wallison.

Later that day, Admiral Poindexter asked for it back, saying it was incorrect in some spots and they would furnish me with another copy. I told him that Wallison had it and I would get it and return it to him. I never did. I took it home with me that weekend.

Q If I can step back for a minute, because I want to get to the chronology. On November 9, when the President made that statement about no third-country involvement, was that drafted originally by the NSC?

A The clarifying statement?

Q No, the original statement that no third country was involved.

A There was no statement by the President. That was an answer to a question. It wasn't written. It was his oral answer to an oral question.

Q All right. And had someone told him that no third country--

A. Well, that requires a little explanation. There had been two briefings of the President, November 18 and November 19, in preparation for this. In the course of this preparation for ~~the~~ a press conference, we normally divided it into two sections, ~~an~~ international or foreign, and ~~a~~ domestic issues.

In the foreign or international side, the briefings were conducted by the NSC Adviser and members of this staff, as well as those in the press ~~section~~ staff who are most connected with the international side.

On November 18, it was apparent that the President did not have the facts straight in his own mind, the sequence of events, who had said what, what had happened, that type of thing, and I told Poindexter that we were going to have to get the facts straight in the President's mind, that he was confused, and the more they tried to coach him and to prep him, the more confusing it got, because they were confusing themselves with the~~y~~ir answers.

I couldn't lay my finger on what was going on, but there was something amiss, and I recognized it. I did not participate in the November 19 foreign portion of the briefing. I had been in New York, returned to get in on the domestic briefing, not the foreign, and asked Poindexter, ''Is the President now set in his own mind as to the sequence?'' And he said, ''Yes, I think so.''

What had happened was he was being cautioned not to mention Israel. And what we should try to finesse any mention of Israel, and, poor guy, he got, as could be expected--having had all this to-ing and fro-ing as far as what he should say and how he should and should not say it, he got mixed up in his answer. ~~and~~ There were a group of us in the Blue Room, right down the hall from ~~me,~~ the East Room, watching the President's performance on TV.

~~And~~ We all caught ~~that~~ his error at the same time. Poindexter, who was sitting there next to me, immediately took out his pad and started to write an answer. By the time the Presidential news conference had finished and we had done a few minutes of post mortem, Poindexter had ~~the~~ a clarifying statement ready, which he showed to Speakes and then ~~he showed it~~ to the President.

He signed off on it and it was released.

Q Do you know whether or not the Attorney General expressed the same sentiments about that statement in his answer?

A Well, I know there were many people upset at it. The Attorney General, the Secretary of State. There were many upset, and the First Lady--as to the President's performance at his news conference that night.

Q There was also something in a written draft of this speech regarding the fact that any connection between the

Danish freighter and the U.S. Government was not correct. There had been reports that there was some connection.

A Newspaper reports, and we have been assured by the National Security Adviser that those were completely erroneous, and I know one of the drafts had it in that the President was going to mock that, saying all these wild stories in the press about this, that and the other thing including Danish shipping, and so forth.

Q So that assurance that that was erroneous came from Admiral Poindexter.

A Yes.

Q Now, if we can get to the November 20th, in the evening, it is reported that Secretary Shultz visited the residence because he was upset with apparently the way things were going?

A Yes.

Q Were you present at that meeting?

A I would have to check my files. Could I go outside and check my records?

Q Certainly.

A Excuse me.

[Recess.]

BY MS. NAUGHTON:

Q The meeting with the President and Secretary Shultz in the evening of November 20th. Were you present?

A I don't place Admiral Poindexter there. He could well have been there, but I am just vague on it.

Q Okay. You were there, though?

A Yes.

Q All right, could you tell us what Secretary Shultz told the President?

A Not in detail, and I have been searching for notes, and I don't have them, but he had five points--five discrepancies in the President's answers to the press conference that he felt had been put into the President's mind erroneously by his briefers, and he thought it was high time that the President got it straight as to what had happened and that he make that available to the public.

Q Do you recall what those five points were?

A No, unfortunately I don't. And I have--I have looked for some notes to this effect, but I don't know that anyone--I certainly didn't take notes at that meeting, and I would have to refer you to Secretary Shultz as to what these were.

Q Okay.

The point I am interested in, and whether or not he brought out, was the November Hawk shipment. Did he mention that there was a problem--

A He could well have brought that up, but I do recall his saying that Abe Sofaer was worried as to what Casey was going to say the following day in testimony to the House Intelligence Committee, and that there were discrepancies between what he, Shultz, understood to be the facts and what Casey might testify to.

. Q Did Secretary Shultz mention that Assistant Secretary Armacost--or Under Secretary Armacost would be testifying with Casey?

. A Yes.

. Q And did he say that Armacost would have to--

. A That is right, he did say that there would be a public disagreement.

. Q Okay.

. A I believe at that point in time, I knew that the Attorney General was trying to act as a coordinator of this testimony in order to get it straight. I certainly know that on Thursday, he was working with that area.

. Q Do you know how that came about?

. A No, I don't.

. Q Okay.

. Did--

. A I do know that Shultz told me and also told the President that he had made his views known to Ed Meese?

. Q Did Secretary Shultz indicate what it was about, the discrepancy that Abe Sofaer was concerned about. In other words, specifically the discrepancies over the Hawk shipment and who in the government knew about it in November of 1985.

A That was just one of the things that he was concerned about. There were other things as to the role that Israel played and the whole episode was another one that was worrying him.

Q Okay. Did Secretary Shultz say when he made this known to Attorney General Meese?

A My indications were that that would have been on the 20th also, but he had--told the Attorney General of possible discrepancies between Armacost and Casey in testimony.

Q We have heard testimony that in the session to review Casey's testimony that afternoon on the 20th with Admiral Poindexter, Mr. Casey, the Attorney General and so forth, that Oliver North had inserted language saying no one in the U.S. Government found out that there were Hawks on the November '85 shipment until January of '86.

Were you aware that this change was taking place?

A No.

Q Did you have anything to do with Casey's testimony?

A No.

Q All right.

When you first say the chronology, I believe on the 21st, did you look at the section which mentioned the November '85 shipment?

A I eyeballed the entire document. It was several

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pages long. And I found that--as I recall my words to Peter Wallison, ''Take a close look at this. This thing flows too smoothly. It wouldn't have happened this way. Check it and find out, you know, what is going on.''

. Q When you finally took it home that weekend to read it, did you notice that the section that discussed the November '85 shipment as oil drilling equipment?

. A I believe so, and I recognized that as being wrong, that that was the cover story that was going to be used in case it was discovered prior to its being effected; that is, the whole plan being carried out, that it was oil drilling equipment, but certainly I knew that the President and Shultz and I [redacted]-and McFarlane, for four of us, knew that it was Hawks and therefore, others had to know it was Hawks.

. Q Well, were these chronologies then prepared simply for internal use at the White House and NSC, or were these to be the case of public--

. A I had been urging right from the start, get all the facts together, get them straight and get it out. Well, certainly, one of the things that--on November 8, I again told Poindexter, ''You have got to get these facts straight, so that the President can memorize them and get them in his mind, and unless you put it down, you know, we are not going to be able to get all the facts together.''

. I didn't use the word ''chronology'' as such, but get the facts on a piece of paper where we can review them, and I was still urging that on the 20th and 21st, get these facts together.

. Q So, when you finally sat down to read this that weekend, it was obvious that at least the November '85 part was incorrect and that it was the cover story and not what actually occurred.

. A Right.

. Q Did you take any steps then to modify that section?

. A No, because by that time, another meeting had transpired on the morning of November 21st. The Attorney General came to see me to say that he was having a lot of trouble getting the facts in one place, and he thought that a full investigation should be made.

. I urged him to tell this to the President, and we went to see the President.

. Q Okay. Did the Attorney General say that he was the one who should do it, or did he suggest someone else?

. A Well, he said that he would like to do it, that he thought there was a need to look into the whole thing and try to get all of these facts reconciled, because people were differing, and there was certainly some things that didn't hang together.

. Q Did he mention which things?

. A No. This was a rather short meeting.

Q . Okay.

A The President agreed that we should get all of the facts together, that the Attorney General should investigate. I urged that it be done quickly, because we previously scheduled a meeting for Monday at 2:00 to review the entire Iranian policy, in view of the fact that the cover had now blown and that we would have to review our initiatives to see whether we wanted to continue, cut them off, go another route, what to do, and I said that we all ought to have all of the facts in hand, shouldn't have these differences between State, CIA, NSC as to what had happened.

Get everything straight by 2:00, the Attorney General to provide that, and then we will use that as the base for, okay, that is what has happened, and then we go on from there, and the President agreed and said that, yes, by that meeting he would like to have all of the facts in hand.

Q I guess what we are curious about, Mr. Regan, is why wasn't that done through the White House? In other words, why at that point didn't you or Mr. Wallison or someone sit everybody down and get the facts?

A Well, first of all, I am not a lawyer. I am not a trained investigator. I was a participant in this. For me to drop everything else--there were other things going on, believe it or not, in the middle of all of this--I think it was Friday afternoon--I had a budget meeting.

. Remember that we had--had to have our budget to the Congress on January 5th. That was then November 21st. Time was getting away from us, and we still had some decision to make and the President was going to go to the ranch right about that time, and we should have decisions from him. So, a lot of other things were going on.

. Second place, the Attorney General is the President's chief lawman. This was a legal investigation requiring investigators. We didn't have any of those in the White House. We would have had to get them from someplace else, so it seemed appropriate with the Attorney General requesting of the President that he be allowed to do this or told to do this, that since he had the resources that he do it.

. Q Okay.

. Was there any discussion about using the FBI or particular investigators to--

. A No, that he would get investigators to do it. Just who the investigator would be was a detail that didn't come up with the President.

. Q Okay. Was there a discussion then of reviewing documents?

. A No, it is an investigation.

. Q Okay. After that meeting--first of all, when the Attorney General came, do you know whether or not you were the first person he went to, or did he discuss this previously?

. A I can't tell you that. I don't know.

. Q All right.

. How was it then that Admiral Poindexter became part of this meeting?

. A Admiral Poindexter was in on the meeting with the Attorney General, the press and myself.

. Q How was it that he was? In other words, did you--

. A I believe--well, I am not sure whether it was the Attorney General or I suggested that when we said let's go talk to the President about this, that we--it would be normal for one or the other of us to say, let John, or John should join us for this since it was to be something involving the NSC.

. Q So, in the meeting with the President then, it was not discussed that documents would be requested or reviewed?

. A No. As I recall, this was a very short meeting, because--if I--I don't recall from memory, but I think the President--he was going to go to Camp David and had a lot on his schedule. So this was just a quicky meeting, not more than 10 or 15 minutes, so there was no detailing into in it.

. Q After you left the President, where did you go?

. A Back to my own office. Meese, as I recall, exited the building to go conduct his investigation, wherever, and

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Poindexter went back to his office.

. Q Do you know whether the Attorney General and Admiral Poindexter met after meeting with the President?

. A I cannot state that.

. Q Okay.

. At any time during that day, did you speak to Oliver North?

. A In my entire two years as Chief of Staff, and this is no putdown of Ollie North, I only had one conversation with Ollie North one on one, and that was a telephone call on a Saturday morning, when I had inquired in the situation room what was going on with the Egyptian hijacking, and the duty officer came back on an hour and a half later; it was North, to tell me of the situation.

. That is the only time I ever spoke to North when there wasn't a group of people present. So, in answer to your specific question, no, I never talked to North then, nor did I talk to him on any occasion.

. Q Were you present in any meetings with him on Friday, the 21st of November?

. A Not to my knowledge, no.

. Q Okay. Do you know whether or not the Attorney General met with Oliver North on--

. A No.

. Q --the 21st? Now, when did you become aware that

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people from the Department of Justice were going to come to look at documents?

. A Never went through my mind. Investigation--if you think about it, long enough, I would figure they would look at documents, so I just assumed that, you know, the Attorney General would do what an investigator does, look at documents, talk to people, interview and so on.

. Q Did the Attorney General ask to, you know, interview you at any particular point as to what you knew of the initiative?

. A No.

. Q Did Admiral Poindexter mention at any time up to or including the 21st that documents had either been altered or shredded at the NSC?

. A No.

. Q Was there any discussion of--as Colonel North had testified--that they were shredding these sort of documents as a normal course?

. A Not only no, but had I known that, I would have put a stop to it. That is one thing that I--has certainly surprised me to find out later, is that this shredding was going on at the time.

. Q When did you find that out?

. A In public testimony later.

. Q There was a story that appeared in the L.A. Times the weekend after this, and that would have been around the 28th of November, that documents had been shredded. Do you know who was the source of that article?

. A No, I don't. There were lots of stories at that time, stories that I had--somehow or other ordered the chronology doctored, that I had ordered a chronology, that I was in charge of the chronology. I never had one darn thing to do with the chronology, or its preparation, or the Attorney General's investigation during that entire time.

. Q Okay.

. Specifically, this was a story by Jack Nelson that documents had been shredded at the White House, which has obviously proved to be true, or at the NSC, and I was wondering if you were aware of who the source of that information was?

. A No.

. I never find out any of these stories, where they had originated, not just on this episode, but others also.

. Q Now, going back to the 21st, did you have any meeting with anyone else regarding this topic?

. A Oh, yes. I told Wallison that the Attorney General was going to look into it. And I alerted others on my staff to keep their ears open, because I--there is some things that, well, it started literally earlier in November, but by that time, the 18th, 19th, 20th, 21st--my nostrils were really twitching. There was something wrong, and I couldn't put my finger on what it was.

. But also, you have to remember in this entire period of time, I was under attack, people wanting my job, suggesting that I resign and so forth because of what was going on, and I just couldn't put my finger on what the heck it was, but I knew there was something wrong and was trying through other members of my staff to find out, you know, is anybody talking, you know, what is happening, but with no avail.

. Q Did Mr. Wallison mention to you that he had had a meeting on November 20th with Judge Sofaer and the counsel to the Department of Defense and so on?

. A Yes.

. Q What did he tell you about that meeting?

. A Again, discrepancies, the same line Shultz was telling to the President. There were discrepancies between what the President was saying, what Armacost would testify to and what Casey might testify to as to what the actual facts were in this matter.

. Of course, Wallison was not privy to what had been going on in the previous year or year and a half in this regard, so therefore, he was at a loss to understand who was correct and who wasn't.

. Q Now, did you participate at all in making the arrangements to have the documents made available to people from the Department of Justice?

A No.

Q On the 23rd, which was a weekend, Saturday and Sunday, were you at all at the White House?

A No.

Q Were you aware of the Attorney General's inquiry while it was going on--in other words, did anyone in the U.S. Government--

A No.

Q --discuss this with you?

A No. It was reported to me on Monday morning when I got in by some of my staff who were in the White House on Saturday morning, that there was a lot of scurrying around and a lot of to-ing and fro-ing going on in the NSC area.

And there were various people from the Department of Justice in and out of the White House--I don't mean White House, I mean the West Wing, over the weekend, and so there was a lot going on. They, of course, did not know what I knew, that is, that the Attorney General had been told by the President to conduct an investigation.

Q Is there a reason you didn't tell them that?

A Yeah. When there is an investigation on, you don't tell people who might be asked in the investigation to give evidence that, you know--that the thing is going on. I felt that was confidential and should remain so, accept I did tell Wallison as Counsel to the President.

Q Did he mention to you that he had made arrangements for the documents to be made available, and so forth?

A No.

Q What is then the first substantive meeting or discussion that you had--

A Not that I recall. He might have, but I don't recall that.

Q What is the first substantive meeting then or discussion you had on the 24th regarding this issue?

A Early in the morning--I believe the Attorney General called me sometime right after 9:00 to say that he had--something very important that he wanted to discuss with me and with the President, and I told him to come on over, set a time at around 11:00--was the first opening on the schedule, and that I felt that I would have time to talk to him and then we could go see the President.

So, that was the first that I got some type of a (warning or lead?) ~~letter~~ that something was up.

Q Did you discuss whether or not to include Admiral Poindexter in this meeting?

A I asked him if he wanted anybody else. He said no, he thought he should just talk to me and the President.

Q Okay.

And when the Attorney General arrived, did you meet prior to the meeting with the President?

A Yes.

Q What did you discuss?

A Well, at that point, he told me that--I don't want to characterize his whole--all of his words, but to the effect that he had found some really troublesome evidence that there was possibly a diversion of funds from the sales of the Iranian weapons--sales of weapons to Iran and monies diverted to the contras.

Q What was your reaction when he told you that?

A Horror, horror, sheer horror. First, I had never heard of it, and at that point in time, he had not gone into any details with me, so I assumed that this was U.S. Government money.

Now, I don't want to get into the ~~money~~ matter as to whose money ~~that~~ it is at this point. Later we can do that, if you wish, but I didn't know there would be a mark-up, and I thought this was the actual cash proceeds that should have gone to the Treasury ~~was what~~ that he was referring to.

Q Did you ask him who had done this?

A He said that this was generally under Ollie North. I said, well, we had better go tell the President about this right away. He said, well, I don't want to say too much to the President until I can nail down some other things.

So, I said, well, let's go talk to the man now. So, we went to talk to the President. And he repeated some of what he had told me, enough to alert the President that he had ~~to~~ later that afternoon see him to go over the whole episode, that he was terribly sorry that he was going to have to unburden this on the President, but it was very serious, and he would have to have some time later that day.

We set as a time right after the NSPG meeting, which was scheduled for 2 to 4 in the afternoon that we would meet 4, 4:15, in through there.

Q Okay.

During this meeting with the President, did anyone, any of the three of you, take notes?

A No--although the Attorney General had some papers with him.

Q Um-hum. What were they; do you recall?

A I don't know.

Q Did he seem to be reading from them or--

A Not reading from them, but I just assumed they were papers to which he could refer if he had to.

Q Did the Attorney General tell you--first, in your meeting before you went to see the President that there was a memorandum to this effect spelling out the diversion?

A No.

Q All right. So you weren't aware then that anything was in writing?

A No.

Q Okay.

Did he tell that to the President?

A No.

Q Okay. Was there any discussion in that 11:00 meeting, or whenever it was, the morning meeting, about what to do about this revelation?

A No--because it wasn't revealed to the President what it was. He didn't know what we were talking about.

Q So, in other words, you didn't inform the President of the diversion.

A Of the diversion--the word diversion, or what the subject was was not told to the President at the 11:15 meeting.

Q Okay.

Was he aware, though, that the general subject matter was Iranian arms sales?

A That there was something very wrong with the Iranian arms sales.

Q Okay. After the meeting with the President then, did you and the Attorney General meet?

A No, I merely urged him, you know, to get on with it and button up whatever he had to button up. He kept using the phrase, ''I have got a few last-minute things to button up before I can give you all the details.''

Q Did you ever hear him use the phrase, ''We have got to get our arms around this thing''?

A Possibly, but I don't remember specifically.

Q Okay.

A I do know that he indicated that the buttoning up had to do with he had to see John Poindexter.

Q Okay. Anybody else?

A No.

Q What did you do then after this meeting with the President and the Attorney General?

A Back to my office--I am not sure. I know I had--not sure it was that day. Wait a minute. I would have to look up my schedule. Do you want me to look up my schedule?

Q Yes. If you would, I would appreciate it.

[Recess.]

THE WITNESS: On November 24, the reason we had to cut the meeting with the Attorney General short was, at 11:30, the President had a meeting with Chief Bhutalezi from South Africa, and he always liked to keep his appointments with foreign visitors right on schedule.

So I had attended that meeting. I then returned to my desk and met with Peter Wallison and told Peter Wallison something was up, and he better get ready ~~to~~ to go into action.

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BY MS. NAUGHTON:

Q Did you tell him what was up?

A No. I just said that the Attorney General had said that he had to button up a few things with John Poindexter and had some serious revelations to give to the President. We then had an issues briefing lunch in the Cabinet room for the President.

No mention of Iran or the Iran affair came up during the luncheon. ~~that~~ It was an issues briefing ~~that was~~ lunch on domestic policies--politics, things of that nature.

And the rest of the afternoon, I had meetings that don't concern this, but--strangely enough--if I do have to testify in public, I may tell about this meeting--it concerned the salaries of all Federal employees, particularly the salaries of the Congress and whether we should award them $145,000, annually ~~because~~ The meeting was with Jim Ferguson chairman and Van Norman, ~~who was~~ his Chief of Staff, of the Presidential Pay Board, ~~and~~ This is where the idea was broached of Cabinet members getting $145,000, and so on and so forth, which later I cut back to $99.500 and got away with it--in the dead of night.

But anyway--

Q I don't think you will be asked about that in public.

A Then at 2:00 in the afternoon, I attended the senior

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advisor's briefing--as billed ~~here~~ on the schedule. Actually, it was an NSPG meeting in the Situation Room, in which we reviewed the Iranian policy and was given an updater that lasted close to an hour, As I recall, by George Cave of the CIA on ~~what~~ the internal situation in Iran ~~was~~ to the best of their knowledge at that time.

. Q Can I ask a general question? NSPG meetings, why was it that the Iran initiative from the fall of '85 through the fall of '86 was not discussed in NSPG meetings themselves?

. A It was discussed in January of '86, and the policy laid down.

. Q Was that a regular NSPG meeting?

. A Yeah, I believe so.

. And once that policy had been laid down, and the way it would be carried out, was known generally to those who had to know within the intelligence community. CIA knew, NSC knew, State Department knew in general what was going on, although they claimed they didn't know the specifics.

. DOD knew part of it, the portion that would have to do with the actual supplying of TOW missiles from their stocks. So, as in most of these things, as I have come to find out, they compartmentalize information, and at no time do they then get together unless there is something going amiss. Then the principals have to go back ~~and~~ to decide

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whether or not ~~we should~~ to continue the policy.

. Q So, for instance, when the second channel began to open in the summer, let's say, of '86, no one went back to NSPG to brief them?

. A No. That was brought up by Admiral Poindexter to the President with myself and the Vice President there. We were told more than asked that there was this new initiative and it was going to be explored and ~~that~~ there was agreement, okay, go ahead ~~and~~ explore it and see how it comes out.

. Q But that was not the discussion at the NSPG meeting you are saying?

. A No.

. Q After this NSPG meeting then on the 24th, did you and the Attorney General meet with the President?

. A Yes.

. Q Okay.

. A That afternoon, as we were leaving the NSPG meeting, I asked Ed Meese if he wanted to come up right away to see the President. He said no, he had to speak to John Poindexter first and then would be there.

. I went back, talked to Larry Speakes and some other members of my staff about what had happened at the NSPG meeting, so Speakes could characterize it for the press, who would naturally inquire as to what went on there, ~~and~~ The Attorney General poked his head in and said he was ready, so we went to the Oval Office to talk to the President.

Now, that meeting at the Oval Office did not last too long. It was only about 20 minutes, although it was a very fateful meeting.

Q Okay. Did you or--and the Attorney General discuss anything before meeting with the President then that afternoon?

A No.

Q Okay.

A Except for a few asides that he said, well, he had gotten all of the pieces.

Q Okay.

Now, at the meeting with the President that afternoon, did anybody take notes?

A No.

Q Could you tell us the best of your recollection what the Attorney General said to the President?

A Yes. He told the President that he had discovered evidence over the weekend of the possible conversion of funds from Iran to Israel to a Swiss bank account opened by the contra leaders and then drawn on by the contra leaders for the use of the contra forces, that there had been mark-ups over and above the cost of our government ~~of~~ for these weapons. ~~and~~ These were the funds that were used for diversion to the contra bank accounts.

Q And do you recall what the President's reaction was?

A Horror again, and--thinking back on it, it is hard to--it is like a person was punched in the stomach. I mean, the air goes out of him, crestfallen. You know, a slumping in the chair sort of thing. A real blow had been delivered here that not only was there this possibility, but that they--the people responsible were primarily Ollie North, for whom the President had high regard as a staff person, and the Attorney General told the President that Admiral Poindexter had some type of inkling of this and should have investigated but didn't.

Q Okay. Did he mention anyone else who knew?

A Well, the President wanted to know, well, did any Americans get their hands on that money. Was there anything of that nature? And the answer was no, the money had gone directly from Iran bank account to Israeli to Swiss bank account to contras, and no U.S. person had been involved--in the handling of the money.

Q Did Attorney General Meese disclose who else might have known about the diversion?

A No, those are the only two that he named.

Q Okay. Did the President ask if anybody else was involved?

A Yeah, and Meese said that, well, to their knowledge at that point, those are the only two from the

Administration that had known about it--oh, I think he did tell the President that McFarlane knew about this having been told by North on the way back from Tehran.

Q Okay.

Did the President make any comment to that?

A No. Most of the conversation immediately turned to, we have got to get this--make this news public. We cannot sit on this news. Now, maybe in hindsight some people will say we rush too fast to break the news. I know that there has been some criticism by people of that. I think we would be very remiss in not making it public immediately.

Over that weekend--well, prior to the weekend, and then over the weekend, I had been doing the what-ifs along with some other members of my staff, including ~~Wallace~~ Wallison and Thomas, Chew, Dawson and others, and I had come to the conclusion that if there were anything remiss, and we had to do something that we should get--immediately make a public investigation and whatever the facts were, make it known.

This is based upon my suggestion to the President at the time of the Challenger disaster that NASA not be allowed to investigate itself, but that we appoint a commission--later it became the Rogers Commission.

Based upon that, I immediately suggested another commission to the President, and we discussed that for a few minutes, as to was that the way to go, and he agreed that

that is probably the way to go.

I also suggested immediately that we had--if we were--if we were going to make the news available as quickly as possible, that right then and there was not the time to do it.

It was late in the afternoon. The Attorney General still had some things to get straight. He had all the preliminaries in place, but he, as we now know--there was a lot more that could and should have been done, and accordingly, we felt that--I had said that I think what we got to do is tomorrow morning, as soon as we had gotten everything straight, we would have to have the President make the announcement, and I said, ''Probably, Ed, that should be followed by your taking the questions, rather than the President, because you will know the details and the President certainly won't be able to answer press inquiries.''

So, it was in general agreed upon that, and I said I would set things in motion, and we would certainly keep the thing quiet overnight, but then break the news in the morning.

Q Did the Attorney General mention whether or not the FBI had become involved?

A I think he just said, ''My people.'' He kept referring it as ''my people.'' I don't think he specified who the people were at that point.

Q Did the Attorney General mention that this may be--may be referred to an Independent Counsel?

A That was one of the possibilities that we went over, but my suggestion of the independent body to investigate first to see if there indeed was evidence of criminality was the one the President favored, and so did the Attorney General at that time.

Q Okay. Why was that? Why was that chosen over the Independent Counsel?

A We didn't debate it too long. I tell you, my own reason for suggesting the commission rather than the Independent Counsel, with all due respect to you lawyers, is that Independent Counsel takes--at least up to that point, the ones I had noticed--takes a long time before the facts are brought out to the public, and Independent Counsel shuts up. It operates behind the scene quietly. It doesn't go public with pieces of information and so on.

The American public would expect that this President would come out right away with everything that had gone on, and neither the public nor the press would be satisfied to say, well, Independent Counsel is going to do it, and a year from now after lengthy trials, you will find out all of the evidence.

That, from a public relations point of view simply couldn't be condoned. You know, it wasn't credible, wasn't believable. We had to get something done and done quickly, and so, when I made the--on the following day more of a follow-up on this, after thinking about it overnight, I decided it should be just a few people that again, with all due respect, and I have nothing but praise for the work of the Rogers Commission--17 people looking into this affair again would have taken three or four months.

I wanted a small select group, get into it, get as much facts as you can, get it on the table, in the public mind, and then we can find out who shot John, who is to blame and so on and so forth.

So that is the reason I recommended only three people, and if you recall, and I say this with some degree of pride--that within 24 hours of the President's hearing about this, I was already on the phone to John Tower, Ed Muskie and Brent Scowcroft, that we had made--I had made this recommendation to the President of those three names, he had agreed with them, and I was on the phone to them asking them if they would serve.

They agreed, and on--we announced this Tuesday morning, Wednesday morning, we were able to announce the members of the commission, and they swung right into action very quickly, so that is how the Tower Commission came about.

. Q You discussed other names other than those three; is that correct?

. A Only among my staff. I did not take other names to the President. But I had back-up names in the event that he would not go along with this, but actually the President and I did this over the phone. I didn't even see him in suggesting the names, because I had already told him that I would be coming up with suggestions for him.

. Q Now, when the Attorney General briefed the President on this the afternoon of the 24th, did he mention that there were people outside the government who were well aware of the diversion?

. A I am not sure. I don't know. Again, you have got to remember this was a very short meeting, and a lot of our discussion was how to make it public.

. Q Um-hum. Well, for instance--

. A You know, how--and how quickly to make it public.

. Q For instance, we have heard testimony that Oliver North told him that it was Albert Hakim's idea in the first place--

. A Hakim's name never came up in conversation with the President on the 24th, ever.

. Q There have appeared articles which credit, again, an unnamed White House official as saying that on that day, on Monday the 24th, there was discussion that the Attorney

General mentioned that there was just one black mark in his investigation, mentioning the diversion, but saying that he things that can be kept quiet.

. A I never heard that. He certainly never said it to me, because he told me early in the morning--something most distressing to tell me, and then at the 11:00 meeting, he said, when he referred to it I recognized immediately that we would have to go public, and at no time did the Attorney General ever suggest to me that we could keep this quiet or should keep it quiet.

. Q Do you know who the source of that article might be?

. A No.

. Q When was it discussed what the fate of Oliver North and John Poindexter should be?

. A ~~Af-~~After the Attorney General left, the President--I lingered behind just to try to console the President. I knew he was distraught and ~~saying~~ said we would have to take steps to clean up the mess. I said, in my judgment, if all of this hangs together and it is true, Poindexter has got to go, ~~and~~ we will have to clean house. ~~and~~ The President didn't comment.

. He never comments on something of that nature. And by his silence, I took it that I had consent to proceed ~~with this~~ I went back to my desk, informed Wallison and Thomas of what had happened and asked them to please prepare a statement for the President.

I had agreed with the Attorney General--~~and I believe there~~--that I would speak to Poindexter about this. The following morning, I did talk to Admiral Poindexter, asking him how did this thing ever happen, and he told me that he suspected something was going on with Ollie North.

He probably should have looked into it. He didn't. And I asked him why not. I said, ''My God, you are a Vice Admiral. Why the hell didn't you look into what was going on here?'' And he said, ''I didn't want to.'' He said, ''I knew it would hurt the contras, and the way those guys on the Hill are jerking them around,'' he said, ''I was afraid it would hurt them too much, so I didn't look into it.''

So I said, ''Well, John, I can tell you when you come in at 9:30, you better have your resignation with you,'' and he said, ''I have been thinking of that.''

Q Okay.

A Now, you asked about Ollie North.

Q Yeah.

A Specifically, I don't recall that I told Poindexter (to release him) or how it happened. I am inclined to think that after the 9:30 meeting when Poindexter came in to see the President and resigned, that a suggestion was made--whether by me or not, I am still not sure--that North would have to be reassigned back to the Marine Corps. That was no attempt, again, to differentiate between the two. North had come into the White House not at the request of the President, but had come in as a staff man.

It was logical that he would be staffed out, you know, at the end of his assignment or at the pleasure of the National Security Adviser.

There was some discussion a year or two--~~or~~ actually about a year before ~~that~~ this about his being reassigned, and he was kept on. Bud McFarlane had raised ~~that~~ it, and he was kept on.

Q Were you part of that decision-making process?

A No, North never reported to me--he was not on my staff. He was on the staff of the National Security Council. The National Security Adviser was the one who did the hiring and firing there.

Q So, do you know who actually told Oliver North that he would be reassigned?

A I don't know. I have heard it said that he found out about it in the President's statement, and I do know that I was responsible for the insertion of that in the President's statement. Certainly Wallison and Thomas wouldn't have dreamed it up on their own, but as to who then actually told him, I don't know.

Q Well, as you know, Colonel North has testified that he was under the assumption that he would be allowed to

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resign from the NSC staff, or at least asked to be reassigned, and instead heard about this over the television.

. Do you know who would have given him that impression?

. A All I can say is I don't know the answer to that, and I am the last guy in the world to answer that question considering what happened to him. I can sympathize with Ollie North, because I found out about my reassignment exactly the same way, first from rumors from the East Wing of the White House and then later by hearing it on CNN that my successor had been chosen.

. So, I am the last guy in the world to comment on that.

. Q Did you have the impression you would be allowed to ~~reassign~~? resign

. A I had asked to ~~reassign~~ resign. I told the President that I had a letter that I prepared ~~for~~ resignation in October of 1986, saying sometime after the election, ~~that~~ I wanted out and back to civilian life. And I was carrying that letter with me intending to give it to the President after we had done the post-mortems in the election, but this Iran affair intervened and I didn't think it appropriate that I resign ~~in then~~ then, in spite of the urgings that many people within and without the White House were making ~~to~~ me. ~~that~~ I didn't want

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to be a scapegoat and look as I was resigning to take the blame for all this.

So I did not resign until I was pushed out after the Tower report.

Q Do you know when it was that arrangements were made to secure documents at the NSC?

A No.

Q Okay. Do you know when it was that the FBI was brought into the case?

A No.

Q Okay. Do you know if those arrangements were made through Mr. Wallison's office, in other words, that he indicated to you that he had taken any steps to secure documents?

A All I told him was to cooperate with Ed Meese and offer him any help he could on what happened. The details, I don't know.

Q All right.

Were you aware of any instructions to Oliver North regarding when he had to leave or when he should clean out his office or anything to that effect?

A No.

Q There has been much discussion at the hearings about this off-the-shelf account of the residual funds, about $8 million worth, that Director Casey had instructed Oliver

North to set aside and use for covert operations. Did you know anything about the establishment of this--this off-the-shelf account, so to speak?

. A No, I never heard of it until the public disclosure of it.

. Q Okay. At some point, did you inform Director Casey about what the Attorney General had told you?

. A Yes.

. Q When was that?

. A We missed contact during the day of the 24th. He had put in a call to me. I ~~had~~ answered it later. We ~~and then~~ finally, talked and he said he wanted to see me. He ~~had tried~~ wanted to see me right after the NSPG meeting, but I had to push him off because I had ~~this~~ the meeting with the Attorney General and the President.

. I didn't tell him at that point why I was pushing it off, but said my schedule prevented it. He said that, ''Well, then, could you drop by my office on the way home?'' So that evening on my way to my residence, I went over to Langley and had a meeting with Casey for 20 or 25 minutes.

. Q Could you tell us what happened at that meeting?

. A Yeah.

. Q First of all--excuse me--was anyone else present?

. A No, just the two of us.

. Q Any notes taken at that meeting?

A No.

Q Okay. Could you tell us what happened?

A These are general impressions, because I don't have any transcript. I told him that the Attorney General had told the President that there was a diversion of funds to aid the contras and that I had said, we are going to have to go public with this right away and therefore an announcement would be made in the morning about ~~this~~ so.

I cautioned him to remain quiet about it until the public announcement.

Q Okay. If we can take it step by step. When you told him that the President had been told about the diversion of funds to the contras, what was his reaction?

A You have to know Director Casey to be aware of what I am saying here. The man's face never reflects anything. I won't say he had a poker face, but he certainly didn't show surprise at that point, didn't utter any explatives, didn't leap out of his chair or any of those things.

Q Did he mumble anything?

A He always mumbled. At that point, we just sort of picked up in conversation without his expressing surprise, chagrin or what have you, the consequences of what was going on.

I think he wanted to warn me--warn is not the correct word, alert me to what the next steps would provoke. That is, that this might mean a cutoff in contra funds forever, and the disaster that that would bring if the Sandinistas had no opposition.

They were allowed to poison the rest of Central America and the Caribbean. He warned me about the fact that we would now be cut off for quite some time if not forever from contacts with the Iranian Government as soon as this became public, because they would be irate at the fact they had been overcharged and funds diverted.

He warned me that this would be very upsetting to Middle Eastern friends and others when the Israeli portion of this became known. He didn't think that it would be very harmful to relationships with allies, because they, in fact for the most part, had been selling arms themselves. It was conversation along that line.

It was no specifics as to, did I know that so-and-so was involved, or did I know the details of how the--monies passed or anything of that nature. It was more the consequences of what was happening.

Q Were any of these consequences that other covert activities might be discovered?

A I don't recall his saying that.

Q Okay. What about specifically Oliver North's aid to the contras?

A Well, yeah. As I just said that when this news came out that--well, he didn't get into specifics about what Oliver North was doing to the contras, but in general, U.S. aid to the contras would be cut off by actions of the Congress.

. Q Okay. But I guess I am not concerned about the money Congress might or might not vote. What I am asking is North has testified that he basically directed contra resupply effort. Did Casey allude to that?

. A That didn't come up, no.

. Q Okay. Did Casey mention--

. A These were--you know, you understand, generalities, broad generalities of future consequences of a change in policy.

. Q Did Casey mention anything about the Furmark visit, F-u-r-m-a-r-k, visit that he had been told that there was a possibility the money had been diverted as early as October of '86?

. A Earlier, sometime between November 3rd and November 24th, Casey had told me without using the name Furmark that a Canadian friend of his had told him that the news of McFarlane's visit and arms shipments by us and Israel to Iran was pretty well known in certain circles, and that this thing was coming unglued.

. Q Okay. But he didn't mention the contra diversion in that?

A. No.

Q Okay.

Do you recall what context that was in? Were you at a meeting? Was it on the telephone?

A I am inclined to think he dropped by my office one time on the--either before or after another meeting when he was in the White House just to let me know, because at that time, you know, it was speculation all over the press about the Iran shipments and so on, and he came in to tell me about that.

Q What was the point of his telling you that? In other words--

A Well, just to give me a heads-up that he tried to do this repeatedly on many things, not just Iran, and--situation whenever something was about to blow. He would try to give us a heads-up so I could give it to the President.

Q Did he say whether or not the CIA was taking any steps to write the chronologies or get their arms around the facts?

A No.

Q Did you ever see a CIA-prepared chronology?

A No.

Q We are back, I guess, to the evening of the 24th, and you are meeting with Director Casey. Other than the things that you have listed where he mentioned that there may be a natural outgrowth of these activities. Did he say anything else--

A No. I cut the meeting short because I was anxious to get him to start doing somewhat if-ing. ~~You know~~, I knew what Wallison and Thomas were working on, the President's message. I would have to talk with them on the phone.

I had been told while in the car on the way to Langley that [redacted] was trying to get me. I had many telephone calls stacked up, so I wanted to get home and start in on those phone calls and try to make a decision as to, ~~you know~~, who could we put on that investigating commission and how could we handle the announcement in the morning.

Q When you spoke to Director Casey, did he ever argue, imply or otherwise assert that perhaps you should try to keep it quiet because of these possibilities?

A I don't believe he did, and I wouldn't have listened to it anyway.

Q Okay.

Did you speak to [redacted] that evening?

A Yes.

Q And what did [redacted] tell you?

A [redacted]

Q . Do you recall how [redacted]

A I can't recall the specifics, but that was the thing, it would have to be a house cleaning of people that had lat[redacted]down. I seem to have the impression that mine was one of the heads that would have to roll.

Q What gave you that impression?

A Well, when people talk about a thorough housecleaning starting at the top, one gets the impression that one may be considered.

Q Did [redacted] mention Oliver North or John Poindexter in that housecleaning?

A [redacted] didn't mention North. [redacted] may have mentioned Poindexter.

Q Did you tell [redacted] that steps were already taken or going to be taken?

A Yes. That was one of the things I was doing, was working fast and furiously to try to get this information out and to have an investigation and let the facts come out.

Q Did [redacted] ask any particular questions about what had--

A No, [redacted] didn't go into details.

Q Okay. Was there any discussion of if it should be made public or when it should be made public?

A I told [redacted] what we had agreed to, that it would be made public in the morning.

Q And what was [redacted] response to that?

. A I don't recall. Generally agreement, I believe.

. Q Okay. Did you discuss the Tower Commission with [redacted]

. A I didn't know it as the Tower Commission at that time.

. Q Right.

. A But [redacted] that was my recommendation and the President seemed to go with it.

. Q Okay. Did [redacted] mention anything else during that conversation?

. A No. Not that I recall.

. Q Do you recall how long it lasted?

. A 10 or 15 minutes.

. Q Did [redacted] mention having spoken to the Attorney General?

. A No.

. Q Director Casey?

. A No.

. Q Anybody else in the government other than the President?

. A I don't recall [redacted] mentioning anybody that [redacted] but who the people were I never inquired.

. Q Do you recall what it is [redacted] people were telling [redacted]

. A Well, about the seriousness of the situation and the facts were going to have to be made public--and that there should be a thorough housecleaning.

. Q On the 24th, then, I gather you helped prepare a statement for the President.

. A Yes.

. Q To make at the press conference.

. A Actually, it was finalized on the 25th.

. Q And did you meet with the Attorney General on what his responses would be to questions?

. A Not in a sense of rehearsal or asking of questions, but just in general was he comfortable, did he know all the facts, would he be able to handle the questions, was there anything further that he needed to know before he went before the press, and he assuring me that he thought he had enough that he could handle it.

. Q When was your sense of when this first became a criminal investigation?

. A Sometime during the preparation of the initial investigation of the Tower Commission, middle of December. I recall Peter Wallison showing me a document that purported to be some type of memoranda about the diversion of funds and this for Presidential approval, and I recognized that once I began to get the gist of the fact that this was U.S.

Government property sold and added mark-up charged, that there were going to be questions as to who got the money, whose money was it, all that type of stuff, and there was the possibility of a crime here.

. Q Okay.

. But--I guess what I am getting at--the Attorney General in the press conference on the 25th stated that he was going to assign the Criminal Division of Justice to begin the investigation. Was there any indication from him that this was being done at an earlier time?

. In other words, on Monday, when he told you of the diversion, did he say--

. A That would be the Criminal--no, no, no.

. Q Okay, so this was actually the first you heard of it, then, at the press conference.

. A Yes.

. Q And when were you first interviewed by the FBI?

. A I would have to look at my records. I don't know. It was shortly thereafter.

. Q Now, as to the memo--if I can refer to it as the diversion memo for a moment, you have seen the document, no doubt.

. A Yeah.

. Q It is a rather lengthy piece?

. A Yeah.

. - Q Is this the type of document that would go to the President to review, or would it be normal to distill it into it?

. A That, to my eye was a working document, a staff-prepared document. It did not have the normal salutation on it that it was a memorandum from somebody to the President. Normally, there would have been an overlay or a covering memo go with that, explaining the contents of what it was. The covering memo might or might not have had boxes for the President to check agreement or disagreement, or it might have been on the document itself, but the way that that was phrased and so forth, there was more work needed on that before such a document would have or should have been sent forward to the President.

. Q Would that normally have gone through you or would that have gone straight from the NSC to the President?

. A That type of thing normally would have gone straight from the NSC to the President. I am not sure--that is the best, and I resisted a lot of that while in--as Chief of Staff, this by-passing of the normal paper channels, but that is the way that they wanted it done.

. Q Um-hum. I take it then that you didn't see that memo or any of the other memos that North described in his testimony?

. A No, never.

Q Okay.

Did you ever discuss with Admiral Poindexter what happened with those memos?

A No.

Q At any time since--

A After Admiral Poindexter resigned, except for a brief meeting of consolation and farewell, I did not talk in any detail to John Poindexter about the events that have transpired.

Q Okay.

Have kind of a small question. It is my understanding that if a staff member at the NSC needs transportation, whether it be by car or by airplane, that it had to be approved through you?

A It was not sent. This is a reference to a Washington Post story of several days ago in which there was a memorandum shown in The Washington Post from Oliver North to John Poindexter, saying that the memo should be forwarded to him requesting transportation for North when and if he had to travel, particularly travel to Andrews Air Force Base and back, or to hurried meetings around town, that the White House transportation pool be ordered to furnish him transportation.

Q How do you know for sure that wasn't sent to you?

A Because I would have told him what to do with it.

and I don't remember seeing it. But the newspaper account did say that Poindexter went back to North and said, ''Don't be childish,'' or words to that effect. ''Stop bitching,'' or words to that effect, ''and get on with your job.''

. So, he never did forward it according to the article.

. Q Actually, in my question, I was--I am particularly concerned about the air travel. My information is from speaking to Ed Hickey that if one--someone at the NSC wanted to get a flight to a certain location, that that would have to be approved by you; is that correct?

. A If they wanted a special military plane from the White House pool of planes that were assigned for transportation by the President or his staff, I had to okay each of those. I normally okayed flights only for the National Security Adviser himself or occasionally one or two other very senior White House staffers.

. We--I did not see requests--if they requested normal government transportation; that is, if they wanted a seat on a plane that might be going somewhere, let's say to Germany. That type of thing didn't come to him. It was for the use of a specific plane in whole or in part by someone in the West Wing that had to come to him.

. Q Okay.

. Did you ever see an application either by or on

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behalf of Oliver North?

A I believe there was, but I am not the guy to answer that completely, because that is an administrative detail, and I never made notes of details of that nature.

Q But did you delegate this authority or did you yourself exercise it?

A This authority was delegated for the most part so I wouldn't be bothered about these requests unless the Special Assistant to the President for Administration couldn't handle it himself, then he came to me.

Q All right. But if, let's say, North wishes to hop a military flight, for instance, that would not come through your office at all?

A No.

Q Okay.

There has also been testimony regarding--oh, I have one more question on the documents, the diversion memos that would have gone up. Is there a--would there have been a central file where these would have been kept if the President had seen them.

In other words, would either his secretary or the central files of the White House have kept copies of what he had seen?

A That is what we wanted. That is why we like to have White House paper procedure followed, because these

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documents did go to the central file where the archivist or the diarist would know of them and they would be kept.

When they by-passed the normal channels that way, they then became documents that were off somewhere else in somebody else's file, and that would normally be in the NSC files themselves and not part of the Presidential files.

Q Okay. So, for instance, the findings, there would just be one, the original that would be kept with Admiral Poindexter?

A Yes, and how I know that, in October or thereabouts Director Casey called me to ask, did I have a copy of the January 17 filing--findings.

After a search of my records, I said no. He said neither did he. And he would like to have a copy. I told him I would ask Poindexter. I asked Poindexter about it, and he said there was only one copy, and he kept it. There had been none circulated.

Q Is that unusual that the CIA, even though they drafted the finding, would not have a copy of it?

A Casey found that very unusual that he didn't have a copy.

Q Okay.

Do you know whether or not one was provided to Casey?

A I don't know.

Q All right.

A Could I take a short break here?

MR. MINTZ: Why don't we take a break?

[Recess.]

BY MS. NAUGHTON:

Q Actually--now, this is a Mark Belnick question, so you have to forgive me, but actually speaking of publication, we understand that you are writing a book, and we would like to know if you would like to share your notes with the committee?

A All the notes that I am using I have already shared with the committee. As a matter of fact, they have the originals, and, if you sent it back, I would appreciate it, because I find it hard to read the copies at times.

Q That is fine.

Actually--only had one other area of inquiry, and that is the use of DEA agents by Oliver North to locate and excavate the hostages. What was your first awareness that this had been done?

A Very hazy recollection that in one of the briefing sessions that Admiral Poindexter may have brought this up to the President in no detail, in saying there were DEA agents who thought they had a lead on where the hostages were located, and they were hopeful they could exploit that information and--

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MR. MINTZ: In terms of details that may be as far as you want to go.

MS. NAUGHTON: Yeah. I am not interested in their sources or anything along those lines.

BY MS. NAUGHTON:

Q Was this at the time when Admiral Poindexter was National Security Adviser?

A Yes.

Q So, sometime in '86 probably?

A Yes.

Q Had--is this the first reference to DEA agents regarding the hostages that you can recall?

A Yes, and only reference.

Q Okay. Mr. McFarlane testified, and we know that in 1985, actually in February of '85, that McFarlane sent on to the Attorney General, to Director Casey and others--basically requested DEA be used in this capacity. Did that go through at all?

A I had just taken over as Chief of Staff in February of '85. I came on board February 3rd and I don't recall that happening.

Q Do you recall what the President's response was, if any, to Poindexter's briefing that DEA was going to be used?

A Just that ~~the~~ in general, he hoped that something could be done to get the hostages out.

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. Q Was there any discussion of whether or not it was appropriate to have drug enforcement agents--

. A No.

. Q Was there any discussion of the money for this operation?

. A No.

. Q Okay.

. A Not that I recall.

. Q Now, did you become aware at some point that private monies were planning on being used or had been used?

. A Only after the news became public.

. Q When was that?

. A I am not sure whether it was with the Tower Commission report or after--or during these hearings. I am not sure when.

. Q So after January of '87.

. A And I left the White House.

. Q Okay. Were you aware of any donations by Ross Perot in anything connected with hostages?

. A You are talking here of hostages who probably are held by the Hizballah, not hostages held by other enemies of the United States.

. Q Right. I am speaking specifically of those held in Lebanon.

. A No.

Q Okay.

Were you aware of any conversations or communications in writing between the President and Ross Perot regarding his efforts to locate or extricate these hostages?

A These hostages--

Q Yes.

A --meaning which hostages?

Q The ones held in Lebanon.

A No, I am not aware of any exchange between the President and Ross Perot on that subject.

Q Okay. Were there other hostages they communicated about?

A Yes.

Q In another area of the world?

A Yes.

Q Do you know whether Ross Perot donated any money in connection with that?

A What is that?

Q On these other hostages somewhere else in the world?

A Yes.

Q Okay. Do you know when that was?

A Could have been '83, '84, '85 and '86. Ross Perot has an ongoing interest on hostages in Vietnam, and it is well-known--possible hostages in Vietnam.

Q Okay. So your other activity that we are alluding to is the one--people possibly being held in East Asia?

A That is right.

Q After the initial briefing by Admiral Poindexter about the DEA, do you recall any further information to your agency regarding DEA activities?

A All I know is that it proved fruitless, that we were told it didn't work.

Q And who were you told that by?

A Again, it had to be Poindexter.

Q Did it ever come to your attention that DEA agents were actually assigned to the NSC staff?

A No.

Q Would that have been unusual?

A I never knew for sure how many people were on the staff of the NSC or who they were.

Q Um-hum. Did it ever come to your attention that the expenses of the DEA agents were being paid from private funds?

A No.

Q Did you ever discuss the activities of the DEA agents with the Attorney General?

A No.

Q Did you ever hear him brief the President on their activities?

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A No, I don't recall that.

Q Okay.

What about either Administrator Long or Director Webster? Do you recall either of them briefing the President on these efforts to locate and extricate the hostages?

A No, I do not.

Q Okay.

Was there a discussion with the Attorney General and the President sometime in either December of '86 or January of '87 regarding giving immunity to Oliver North or Admiral Poindexter?

A I don't recall that being brought up to the President. I recall staff discussions of that and speculation about it in the press, but I don't recall that specifically even being discussed in front of the President, let alone asking for a Presidential decision in the matter.

Q Would it be possible for the Attorney General to speak to the President without you present during this period of time, December and January?

A Possibly, but I don't recall it.

Q Did you ever discuss this issue with the President?

A Immunity for North or Poindexter, no.

Q Was it ever discussed with the President in your presence?

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A Wait a minute. I do recall some conversation among the President, myself and the Vice President at a morning meeting as to was there any way that we could get Poindexter and North to come forward and tell their story, and our wondering why they were reluctant to come forward and tell their story, and the fact that this matter wouldn't be cleaned up until they came forward and--but after the discussion, we agreed among ourselves that it wouldn't be appropriate for any one of the three of us to initiate any types of phone calls or action to try to force these people--or to testify because there had been some suggestions in the press and from other people that the President as Commander-in-Chief ordered them to do it.

We decided that just wouldn't be appropriate to do it, and certainly that there should be no overt actions on the part of the President for such things as Presidential pardons or immunity or things of that nature being promised if they would come forward and talk with it.

It just wouldn't do.

Q Do you recall the Attorney General being consulted on this matter?

A No, I don't.

Q Okay.

Do you recall any efforts on the part of Brendan Sullivan, the attorney for Colonel North, to meet with the

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President?

A I don't recall that, no.

Q Were you ever told of any such--

A No.

Q Okay.

A I never heard the name Brendan Sullivan until North had hired him and it became a matter of public knowledge and in the press.

Q Did Mr. Wallison ever discuss with you that North's attorney wishes to meet with the President?

A No.

Q Finally, are there any questions I didn't ask that we should?

A There are a lot of questions you didn't ask.

Q Let me finish my question.

A I am not going to suggest them to you.

Q Well, that is what I am asking you to do.

A I am just kidding.

Q The answers which would be relevant or pertinent to our inquiry.

A I understand seriously what you mean.

Q I mean, Elliott Abrams testified we didn't ask the questions in the right way to get the right answers. I wanted to be sure--

A I want to make certain you understand the reporting

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relationship of the head of the NSC to the President. I understand they just asked John Poindexter about it on the tube. But that I was not in charge, never purported to be in charge. I know there has been a lot of speculation that I was the all-powerful Chief of Staff, that I ran things with a tight grasp, ~~or whip~~, or hand, however you want to phrase it, in the White House however, I did handle things in the White House.

Certainly the NSC, particularly NSC staff, never reported to me, I never saw them privately, I never hired them, fired them, gave them a pay raise or had anything to do other than through the administrative people in the West Wing, gave them lodging and whatever things they needed in order to perform their job.

When I arrived at the White House, Mr. McFarlane had access to the President whenever he felt he needed it. We continue that procedure. Mr. McFarlane and I had a run-in shortly after I was there. I believe it was the death of Andropov, and the next morning, the 9 October meeting, the President said to me, ''Gosh, I didn't get much sleep thinking about Andropov after I was told last night.''

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I said, ''When were you told?'' He said maybe 2:30, 3:30, whatever. I said, ''Oh.'' Then I had words with Mr. McFarlane about my not being notified, pointing out to him that if something untoward happened that would involve moment of the President, for the Chief of Staff to still remain in his bed sound asleep was most inappropriate ~~and~~ ~~that~~ so I wanted to be notified.

Well, once we got that straightened out, McFarlane was accustomed ~~just to~~, if he thought he needed to be with the President ~~and~~ or to tell the President something, would tell me first: ~~I was going to see the President~~ At night, after they notified the President of something, ~~they~~ the NSC staff would then call me ~~and~~ to tell me what they had told ~~this to~~ the President.

When Poindexter took over from McFarlane--the President announced ~~at that time~~ that Poindexter would be reporting to him. ~~and~~ There was a question from the press to Poindexter saying, ''Will you report directly to the President or will you report to the Chief of Staff?'' And he said, ''No, I am going to report to the Chief of Staff. Don Regan has--I am going to report to the President. Don Regan has already told me that.'' So that got a big chuckle.

But at no time did I try to interfere with the security ~~advice or~~ advisor meeting with the President or talking to the President.

Q Do you know why Mr. McFarlane left, why he resigned?

A At the time I know that it was a general question of fatigue and that he had gone through a lot at Geneva, meetings with Gorbachev had been very tiring and wearing on him. He had been sort of worn down, and he thought it was time after--let's see, he had been on the job then for two years or so--or more--for him to move on.

Q Um-hum. You have no doubt kept a bit abreast of what is going on at the hearings and specifically of Colonel North's testimony. Is there anything that has been testified to in the hearings that does not comport with your recollection of the events?

A I have not followed it in that great of detail to be able to answer that specifically, but from the little I heard or read, no, I haven't seen anything that I would challenge.

Q When Oliver North said he had authority for everything that he did, and if we can take it step by step--in terms of the diversion of the funds of the Iranian arms sales to the contras, did you give him such authority to do that?

A No.

Q All right. In terms of his contra resupply effort of lethal aid to the contras, did you give him any authority to do that?

A No.

Q Do you know, to your knowledge, whether or not Admiral Poindexter or Mr. McFarlane gave him authority to do those acts?

A No.

Q Thank you. That is all the questions I have.

MR. GENZMAN: Give me a second to finish my notes.

BY MR. GENZMAN:

Q I guess this is your opportunity if there is anything else you wan to put on the record--

MR. MINTZ: I think the record should show in response to one question counsel asked near the end there about responding to questions that weren't put properly to him, the record should show Mr. Regan's answers have been very forthcoming and went way beyond what you asked to explain and put clear what happened.

MS. NAUGHTON: Thank you. I would agree with you.

THE WITNESS: I am not known as one who is laconic.

BY MR. GENZMAN:

Q Sir, I have a few follow-up questions so that I am sure in my own mind what the responses are. You had mentioned previously that President Reagan would attend drop-bys of meetings between Oliver North and contra supporters, and that he would thank them for what they had done or were about to do.

Is that a correct summary?

A Let me just clarify a little bit. When the President went in, it was the drop-by. The affair itself would be labeled as a meeting at the White House, although it was usually held in the West Wing of the White House and then the President would drop by. It was never billed as a drop-by by the President.

. Q The President would merely drop by for a short period of time?

. A Five minutes or so.

. Q I wanted you to explain what you meant when you said the President would thank the contra supporters for what they had done or what they were about to do. Were these people who had not yet decided to contribute or were being solicited to contribute? Can you explain what you meant?

. A We never knew who, or at least I never knew, and I don't believe the President did, who among the group in the audience had contributed or who hadn't, and if they had contributed, how much they had contributed. That detail was never furnished.

. The briefing papers would indicate to the President that this group, for example, was contributing money for the purpose of an advertisement. The advertisement had not appeared at the time he would be thanking them, so he would be thanking them for a future event; that is, they were contributing for something that was about to happen.

. That is what I meant.

. Q That clarifies that matter; thank you.

. You testified earlier about a meeting with the

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President and the Attorney General in which the Attorney General first mentioned the contra diversion--diversion of funds from the Iranian arms sales to the contras, and you mentioned the President's reaction.

. At any point in that conversation or any others, did the President ever specifically mention his lack of knowledge of this diversion?

. A I am not sure how he phrased it. I am not sure that he said it specifically. But I was under the impression that he, like me, was hearing that for the first time, at least on Monday, November 24.

. Q And this particular meeting took place later in the morning; is that correct?

. A No, that was the afternoon meeting, 4:15, 4:20, in through there, on the 24th.

. Q I stand corrected. There was an earlier meeting, a very brief one.

. A The diversion was not mentioned as a subject, but merely Meese alerting the President that something untoward had developed that he had found out that it would require Presidential attention.

. It was a very serious matter, but he didn't want to talk about it at that time. He knew the President's schedule was tight, that he didn't have the time to go into it, and he had a few things, and I believe the expression I

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have used over and over again on this is a few other things to button up before he could give the full story to the President.

. Q Was it your impression these were legitimate reasons not to go into details at this earlier meeting?

. A I was under the impression that the Attorney General had one or two missing links, if you will; that is my phrase, and wanted to get all of the connections together before he gave the story to the President; in other words, wanted to be able to give a full and complete story to the President.

. Q Later that day, when the Attorney General mentioned the diversion to the President, I believe the information included the fact that Admiral Poindexter and Colonel North knew--and were aware of the diversion.

. A Let me have that again.

. Q When the diversion was disclosed to the President by the Attorney General, is it correct that the Attorney General said Colonel North was involved and that Admiral Poindexter had some type of inkling, I believe was you expression?

. A Yes.

. Q And did the Attorney General also say that Mr. McFarlane also knew?

. A No, he did not say that.

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. Wait a minute. Excuse me; he did. I believe he told the President that McFarlane knew about it--not during ~~this~~ his tenure as National Security Adviser, but had found it out from North on the way back from Tehran.

. Q Was there any discussion as to what, if anything, Mr. Casey knew about the diversion?

. A No.

. Q I heard you mention earlier there was no attempt to differentiate between the way that Admiral Poindexter left the NSC and the way Colonel North left. Can you explain for me--maybe I missed something. Can you explain for me in a little more detail how it was at least reported in the press that Admiral Poindexter had been allowed to resign and Colonel North was fired, is the way the press had it?

. A I know the press has, in my judgment, exacerbated the President's intention there. The President is a kindly man, and he seldom, if ever, to my knowledge, directly fires anybody. People are allowed to resign. It is a face-saving gesture, if you will. People are reassigned. People voluntarily agree to do something else.

. There are many euphemisms for people changing jobs. In this particular case the President, hearing Admiral Poindexter say, ''and I am resigning, Mr. President, and herewith is a letter,'' accepted it.

. In the case of North, as I told you earlier, I am

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not quite sure of how the word actually got to North or who specifically signed his transfer, whether it was Dr. Keel who remained as National Security Adviser, or how that actually happened, I don't know.

All I know is is that--and it is my belief that if the subject came up just briefly at the 9:30 meeting that North should be reassigned. I may have suggested it. Again, there was no attempt to say out, and he is out on his ear as a military person.

But it is just that he was being reassigned from the National Security staff back for R&R with the U.S. Marine Corps, if one can get R&R with the U.S. Marine Corps.

Q Okay, thank you.

I have a few other issues to touch upon. You mentioned a conversation you had with Mr. Casey at Langley. I believe that was on November 24 in the evening?

A On my way home on the night of Monday, November 24.

Q And I believe you testified that you told Mr. Casey that you had learned about the diversion from the Attorney General and had told the President?

A That the President and I had learned from the Attorney General just that afternoon.

Q Both of you had learned that day, you earlier in the day and the President--

A No, no, no. I just referred to the 4:30 meeting which we just discussed. I told him that the Attorney General had come in and told the President.

Q Just to be clear, though, you had learned about the diversion, though, earlier than the President.

A Only in a sentence or two.

Q Sure.

A And it was put to me as possible diversion.

Q Do you recall whether or not you told the Tower Commission about this conversation with Mr. Casey and the fact that you had talked to him about the diversion on this occasion?

A I don't know whether they questioned me or not. I can check that and get--or can I? Do I have access, counsel, to Tower--

MR. MINTZ: We do.

THE WITNESS: We can check that and get back to you, if you like.

MR. MINTZ: I think the committee has the same access, so if you are looking for the transcript, you can review that yourself.

THE WITNESS: I don't recall them asking me, but they may well have.

BY MR. GENZMAN:

Q I am asking you whether this specific piece of information about talking to Mr. Casey about the diversion is something you have just recently recalled or something that you--

A Well, I knew it from November 24 on. Whether or not anyone asked me about it, I don't recall.

Q We can check the other testimony.

A Yeah.

Q Let me proceed with a few more questions. You mentioned a conversation with Mr. Casey regarding his Canadian friend and the information that Canadian friend had provided.

Did you date that conversation?

A No, I didn't. I said sometime between November 3rd and the 24th, but it is my impression that it came sooner rather than later. That is shortly after the 3rd or 4th.

Q Thank you. And earlier, we were talking about the diversion memo, and at some point, we were talking about memos, plural; Colonel North has testified in public hearings that there were five, I believe.

When did you first find out that there was more than one memo which we tend to call the diversion memo?

A I first learned that there was a diversion memo in the middle of December, when Peter Wallison showed me a document just prior to my going to the Senate Intelligence Committee. The document had just been discovered according to what Wallison informed me.

. I did not know that there were other documents of a similar or same nature until the public testimony before the select committees.

. Q Earlier, you testified about the issue of immunity, and I believe you said that we all agreed it would not be appropriate to initiate any phone calls for take any action regarding the idea of getting Admiral Poindexter and Colonel North to tell their story.

. Who were you referring to when you mentioned ''we''?

. A The President, Vice President and myself.

. MR. GENZMAN: I think that covers my questions. I thank you for your time, sir.

. MS. NAUGHTON: I had one other question.

. BY MS. NAUGHTON:

. Q Oliver North testified that he got a call from the President on the 25th, the day that he was reassigned to the Marine Corps. Were you present when the President made that phone call?

. A No.

. Q Do you know if anyone was?

. A I don't believe anyone was actually in the room, although Jim ~~Geen~~ KUHN, the President's personal assistant, might have been. I recall I asked the President about it, ~~how did it~~--if it had happened and how did it happen, and he said--no, ~~Geen~~ KUHN told me about it first. That the President just picked up the phone, said, ''Get me Colonel North,'' and the White House operators found North and put him on with the President. That is how it happened.

Q Did Mr. ~~Coon~~ KUHN listen to the call?

A He heard only the President's side--if he were there, he heard only the President's side.

Q Did you ever discuss that phone call with the President?

A Yes.

Q And what did the President tell you about it?

A I asked him how it had happened.

Q Why did you ask that?

A I was curious.

Q Why?

A Huh?

Q Why?

A Curious about anything the President did that got in the paper. I wanted to know the background because, sooner or later, some reporter would ask me about it, or someone else, and I said--asked him, you know, how did it happen, and he said, ''I felt like it, so I called him up.'' And I said okay. ''Well, I hope you did the right thing.''

Q What did the President tell you that he told North?

A Thanked him for his job and told him he was a great American.

Q Anything else?

A No. Again, you have got to remember this President is a warm-hearted, emotional type of person, and when he sees somebody in the obvious distress that Ollie North was, and having been reassigned back to the Marine Corps, released from his position at NSC, he felt sorry for him and so called him.

Q Did the President indicate to you that they had discussed the diversion or the President's knowledge of the diversion?

A No, and the conversation was brief, very brief on the phone, and I am not sure North even had time to reply to the President.

BY MR. GENZMAN:

Q Do you have knowledge of any similar call the President might have made to Admiral Poindexter?

A No, because in the meeting at the time that Poindexter resigned, the President told--thanked him for the job he had done, told him that he appreciated all the work, was sorry for the way this was ending and wished him well.

MR. GENZMAN: I have nothing further.

Again, thank you for your time, sir.

MS. NAUGHTON: Thank you very much.

[Discussion off the record.]

MR. MINTZ: I would repeat my request that the transcript be reviewed for classification purposes.

MS. NAUGHTON: And I represent that our security officer can review the transcript and we will classify it.

MR. MINTZ: Thank you.

THE WITNESS: I would like to note, can I have a copy of that--

MS. NAUGHTON: --under the House--

THE WITNESS: Or should I say, may I have a copy of it?

MS. NAUGHTON: Under the House Rules, we are asking witnesses to come and review the transcript and not releasing them however, I mean, if you wish to request it, I will make your request known to the chairman, and then he has got to rule separately on that.

THE WITNESS: I would appreciate it, because in the event I am called as a witness, it is much easier for me to be able to review all of my material without having to go all over the place, and if I may point this out, I am a bit of a public figure and for me to appear onCapitol Hill may or may not excite the curiosity of the press or others, and I just as soon avoid that, if at all possible.

MS. NAUGHTON: I understand that, and we have made exception for Cabinet-level officers, so--

THE WITNESS: And I had Cabinet-level rank.

MS. NAUGHTON: We will ask, however, if you provided a copy that no copies be made or kept by you, and it will have to be returned to the committee after completion of your public testimony.

THE WITNESS: I will argue that one later.

MR. MINTZ: We will discuss that.

MS. NAUGHTON: I just wanted to make clear that the rules are.

THE WITNESS: I am just saying I don't wish to fence with you, but I am merely agreeing at this time that I will return the copy.

MS. NAUGHTON: Okay, that is fine. Thank you.

MR. MINTZ: Thank you very much.

THE WITNESS: I hate to be legalistic with a lawyer.

[Whereupon, at 12:00 noon, the taking of the deposition was concluded.]

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STATEMENTS OF:

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CRIGINAL

Stenographic Transcript of

HEARINGS

Before the

SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE
TO IRAN AND THE NICARAGUAN OPPOSITION

UNITED STATES SENATE

DEPOSITION OF OTTO J. REICH

Wednesday, July 15, 1987

Washington, D.C.

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4096

Partially Declassified/Released on Dec 23 1989
under provisions of E.O. 12356
by D. Sirko, National Security Council

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DEPOSITION OF OTTO J. REICH

Wednesday, July 15, 1987

United States Senate
Select Committee on Secret
Military Assistance to Iran
and the Nicaraguan Opposition
Washington, D. C.

Deposition of OTTO J. REICH, called as a witness by counsel for the Select Committee, at the offices of the Select Committee, Room SH-901, Hart Senate Office Building, Washington, D. C., commencing at 10:08 a.m., the witness having been duly sworn by MICHAL ANN SCHAFER, a Notary Public in and for the District of Columbia, and the testimony being taken down by Stenomask by MICHAL ANN SCHAFER and transcribed under her direction.

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APPEARANCES:

On behalf of the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition:

TERRY SMILJANICH, ESQ.
Associate Counsel

On behalf of the House Select Committee to Investigate Covert Arms Transactions with Iran:

THOMAS FRYMAN, ESQ.
Staff Counsel

On behalf of the House Foreign Affairs Committee:

SPENCER OLIVER, ESQ.
Associate Chief Counsel

On behalf of the witness:

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Pierson, Ball & Dowd
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EXHIBITS

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1	81
2	117

PROCEEDINGS

Whereupon,

OTTO J. REICH,

called as a witness by counsel on behalf of the Senate Select Committee and having been duly sworn by the Notary Public, was examined and testified as follows:

EXAMINATION

BY MR. SMILJANICH:

Q State your name for the record, please.

A Otto J. Reich.

Q Ambassador Reich, my name is Terry Smiljanich. I am Associate Counsel with the Senate Select Committee on the Iran-Contra matter. I want to ask you a series of questions concerning your tenure as Director of the Office of Public Diplomacy, also your ambassadorship in Venezuela, matters as they bear upon things that may be relevant to our Committee.

This is a joint deposition. Present also is Spencer Oliver and Tom Fryman on behalf of the House Committee investing the same matters. We are doing this all together so we can avoid duplication and calling you back for one, two, three depositions.

If there's anything that I ask you that you are not clear about, what my question means or what it's about, please let me know and I'll be happy to rephrase

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by D. Sirko, National Security Council
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it for you. And if you want to take a break at any time, let me know. I don't anticipate this is going to go on very long, but if you do want to take a break, just let me know.

A I appreciate it.

Q Would you give us the benefit of a brief synopsis of your background, starting with your highest level of education and then your various employments and levels of employment?

A I have a master's degree from Georgetown University. That's the highest level of education.

My employment started before that. After graduation from the University of North Carolina I joined the U.S. Army. I went through officer candidate school. After becoming a lieutenant I was assigned to the Panama Canal -- it was then called the Panama Canal Zone -- for two years, came back and went to graduate school.

While going to graduate school I worked on the Hill for a Congressman from Missouri part time to supplement my income and my GI Bill -- W. R. Hull. Finished graduate school, moved to Florida, went into business with an old Army colleague, an import-export business in Miami importing seafood from various parts of the Caribbean and Central America for about a year. That didn't work out financially, so I joined the State of

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Florida Department of Commerce as an international representative.

I'm giving you the major jobs. You don't want to know that I worked in a shoe store and things like that.

Q No. This is fine.

A I did a lot of that, too. Joined the State of Florida Department of Commerce in 1973. I worked with my friend from '72 to '73. '73 to '75 was international representative of the State of Florida Department of Commerce based in Coral Gables, Florida.

In '75 I was hired by the City of Miami as the community development coordinator, which is in effect economic development coordinator, until '76, when I was offered a job and accepted the job of Deputy Director of the Washington office of the Council of the Americas. It's a non-profit association dealing with U. S. corporations, membership of U.S. corporations, dealing with Latin America, and I became Director of the Washington office in '77, a year later, when the Director left.

I had that job until '81, when I was appointed as Assistant Administrator of the Agency for International Development. I was confirmed by the Senate in early '82. I held that job until approximately

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July 1. I say approximately because there is about three different dates when the Office of Public Diplomacy was created by the National Security Council. I think it officially became an office on July 1 of '83.

I had that job until the President named me Ambassador to Venezuela. The official designation was January of '86, but he had actually signed my papers August of '85. I had a hard time getting confirmed. I was attacked by all sides, which I think helped me a great deal. I was sworn in in May and moved on to Venezuela in May right after confirmation. I have been Ambassador to Venezuela since then.

Q Okay. Your appointments, starting with 1981, Assistant Administrator, on to LPD, and then Ambassador to Venezuela, these are all political appointments?

A They are political appointments, correct.

Q Now what was your specific role as Assistant Administrator of AID? Were you the administrator?

A I was the administrator for Latin America and the Caribbean. It's the equivalent of an Assistant Secretary. It's Assistant Administrator. I was the counterpart of what would today be Elliott Abrams and at that time was Tom Enders.

Q And then when you became Director of the Office of Public Diplomacy you started off as the

Director; is that right?

A I started out as the staff.

Q You were the entire staff?

A I was the entire staff, right.

Q At that time -- the acronym is LPD, right?

A At that time it was S/LPD because it was in the office of the Secretary. We can call it LPD if you want.

Q Let's refer to it as LPD.

A It's a lot shorter.

Q Because at some point later in time the office was transferred from the Secretary?

A That's correct, after I left.

Q Transferred from the Secretary's office over to Elliott Abrams?

A That's correct.

Q So, thereafter the acronym, instead of S/LPD is what?

A Thereafter ARA/LPD.

Q And when you were directly under the Secretary, who was your immediate supervisor?

A On paper, George Shultz. When I say on paper, there is actually a piece of paper that says, that designates George Shultz as your supervisor.

Q So you would report, if you needed to report

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to anybody above you, directly to the Secretary?

A If I can clarify that, knowing the Secretary's time constraints I usually would report to the Deputy Secretary, who most of the time when I was there was Ken Dam.

Q How did your appointment to S/LPD come about? How did it happen?

A During the time that I was Assistant Administrator of AID we had a very large increase in our aid programs for Latin America. I didn't think -- I mean, that was my job, to carry that out, implement that program. I always complained that I thought the Administration was doing a very poor job of letting the rest of the world, including the American people, know what we were doing. Frankly, nobody really cares very much about foreign aid. There's a few Members of Congress -- Dante Fascell being one, for example -- who always cared.

And I wasn't under any illusions that we were going to be able to get a lot of people interested in the subject, but what concerned me more was that I knew we were carrying out doing certain things in Latin America, particularly Central America, which I thought were very good for the United States and for democracy in the region -- the land reform program in El Salvador, for

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example, smaller land reform programs in Guatemala, Honduras, Costa Rica, et cetera -- and there were a lot of aspects of the policy also not related to AID where I thought the Administration was doing a very poor job in informing the Congress and the American people.

So perhaps as a result of all this complaining they said, fine. You go and fix it. How would you like to do this? Actually I have to go back a few months from the time that I got that job. Senator Richard Stone -- I wasn't the only one complaining. Everybody in the Administration, a lot of people, knew what a lousy job we were doing in communicating -- or let me put it this way -- not what a lousy job, because I think we were probably trying, but that we could be more effective.

Sometime in early '83, former Senator Richard Stone of Florida was given the title of Special Assistant to the President for Public Diplomacy or something to that effect. I'm not certainly exactly what he was called. He had that job only a few months because in, I believe, April, late April of '83 President Reagan addressed a joint session of the Congress where he said we've got a big problem here, folks, I need your help -- "folks" being both the Congress and the American people.

Shortly thereafter, a few days thereafter, Stone was named the special envoy for Central America, which was one of several things that President Reagan announced at the time he was going to do. That left a vacancy in this position and I was selected then sometime between April and June to succeed Stone, but with a little different role in that the position instead of being at the White House was placed in the Office of the Secretary of State.

Q Okay. And when you started up your function, this would have been in July of '83?

A Correct.

Q Did you then have a budget with which to create a staff or anything?

A No.

Q How did you go about creating a staff at LPD?

A The memorandum from the National Security Council which created the office authorized the office to obtain personnel from State, Defense, AID and USIA, with the State Department providing the bulk of the budget, office space, logistical support. So I started recruiting people. A lot of people volunteered.

Q You mean like pulling them from a Defense slot or AID?

A That's right. There were many volunteers. There were people who wanted to get into this because they thought it was something exciting, different, for whatever reason, and there were some that I specifically knew were either very knowledgeable about Central America, knew the issues, or were particularly good writers or articulate spokesmen.

I tried to choose people with the skills that a public outreach, public diplomacy operation would need. That took quite a few months. Frankly, I don't think we were up to speed for about a year.

Q When you finally got up to full speed how big was your staff?

A I believe that we got up to about 19, 20 people -- 18, 19, 20 people.

Q And who was your principal deputy?

A I had two deputies -- John Blacken, a career Foreign Service Officer.

Q How do you spell Blacken?

A Like black-e-n.

Q He was career Foreign Service?

A He was career Foreign Service, a member of the Senior Foreign Service. And the other deputy was Jonathan Miller. You've heard his name.

Q Between the two of them how were their responsibilities divided?

A Basically sort of Mr. Inside and Mr. Outside. John Blacken was responsible for keeping the enormous amount of information that was flowing into the office flowing. He was responsible for keeping it coming in, making sense out of it, and producing, culling out all the stuff we didn't need and producing the documents that became, I would say, the principal activity of the office, producing documents, speeches, publications, background papers -- you've probably seen a lot of the stuff -- and also making sure that we would get additional -- if we needed something, he would try to find it, not only in the State Department but also in the other parts of the Executive Branch, whereas Miller was more the outside person.

He dealt with outside groups. We had a lot of outside groups who came to us for information, who were referred to us by other parts of the government, particularly the White House. There were a lot of people who wanted help or wanted to criticize or wanted to contribute ideas, information, and, as you know, there are a lot of groups in Washington that were set up both for and against the policy -- a lot more against than for.

Q Let me interrupt here for just a second. When you say "the policy", are you referring to overall Latin American policy or was there a particular focus within the Latin American policy?

A Both. The reason why the office was designated as the Office of Public Diplomacy for Latin America and the Caribbean was because we didn't want to just limit it to Central America, and in fact, for example, the office was in operation at the time of the Grenada rescue mission or invasion, whatever you want to call it, and we did a lot on Grenada. We put out most of the documents that eventually told the story, as we saw it, of what happened in Grenada.

Q It would be fair to say, though, that one of the primary major focuses of your public diplomacy effort was geared toward the Administration's Central American program, particularly vis-a-vis the Sandinistas' presence in Nicaragua?

A It would be fair to say the first part of your statement, and eventually the second part, but if we go back in time to '83, in 1983 and 1984 the principal issue of debate in the public and in the Congress was El Salvador, not Nicaragua. Nicaragua became the principal issue really sometime after the Congress approved the President's request for El Salvador and after the Salvadoran elections in the spring and summer. There were two elections because there had to be a runoff -- the spring and summer of '84.

Then the focus of attention nationwide shifted

-- it was almost overnight -- to Nicaragua. And, therefore, the requests that came into the office and the demand for information shifted more to Nicaragua. But that doesn't mean that we weren't already working on it. We knew it existed.

Q Who was the perceived audience of your efforts at public diplomacy?

A We had a lot of audiences, foreign and domestic -- foreign governments, friendly governments who we felt did not have enough information about the policy, general publics, interested groups, and domestic, of course. I would say the Congress and the press. I'm not putting them in order of priority because one day it would be one and another day another. The Congress, the media, let's say, interested groups, people who had expressed an interest in the subject and, I'd say, the general public.

Q Okay. Getting information together and presented to the Congress was part of what you perceived as your function?

A Yes.

Q Let's go to the end of your tenure there, when you left for Venezuela in January of '86.

A Well, when I left the office.

Q When did you actually leave -- when did you actually cease functioning as Director?

A January of '86. There was a period when I had to prepare for my confirmation hearings and I had to leave the office.

Q During that time one of your deputies took over?

A Yes. John Blacken.

Q John Blacken took over your day-to-day functions?

A That's correct.

Q Was Jonathan Miller still a deputy at that time?

A No.

Q When did he leave?

A He left around Labor Day of 1985.

Q And he went to the White House?

A That's correct.

Q And what was his title there?

A Well, he went to the NSC.

Q Specifically the NSC?

A He went to the NSC and I believe his title was Deputy Executive Secretary of the NSC, but we'd have to check on that exactly.

Q I think that's right, and that was Labor Day, approximately September?

A When I say Labor Day, I remember it was around that time. I think it was either right before or right after -- early September, I believe it was.

Q Who took his place as Mr. Outside, so to speak?

A Nobody. I was going to explain what happened.

Q Well, go ahead and tell me. Go ahead and explain what you did.

A I started to hire a successor and it took so long that the successor did not arrive until after I was gone.

Q Now when did you first make the acquaintance of Lieutenant Colonel North?

A Sometime in 1983.

Q And how did that come about? He was one of the Latin America people at the NSC?

A I think it was probably in a meeting when I first came across him -- some kind of a meeting or something like that.

Q Was he involved at all in the discussions leading up to the creation of LPD?

A No, not to my knowledge. Not that I know of.

Q Okay. Now let's talk about a few of the contracts that LPD entered into. First of all, were you the contracting officer, so to speak, for LPD?

A No.

Q Who was?

A We had different contracting officers. I made the decisions eventually -- we need this, we need that, let's find somebody who can do it -- but by State Department regulations there has to be a contracting office technical representative I believe it's called, or some kind of liaison officer, and it was never me.

I just didn't have the time to supervise contractors. I was trying to manage all of our inside staff, our in-house staff, and doing a lot of traveling because I was out on the road a lot.

Q I realize that this is a broad question so I would expect a broad answer. What types of contracting services did you find yourself contracting out in generic terms?

A Usually we would contract out for services that we couldn't produce in house because we didn't have the manpower. As you said, at the beginning of the office it was just me. For the first year we were very much understaffed. We were promised people from other agencies and they eventually arrived, but in some cases it took six months. I can give you names of people it took six months to arrive.

During that time -- sometime during that time

-- I was told you can hire contractors, you know, to do some of this work.

Q Who told you that?

A Different people. I can't remember their names -- State Department people. I believe some detailees, some people who had already arrived in the office and who knew the conditions we were working under and, frankly, who were suffering under those conditions and said we need help. We were swamped with requests for information. Once the office was created, people thought oh, there's a great resource. Let's use it. And they didn't realize we couldn't produce.

So when I found out we could go out for people who could help us write papers, check information for us, you know, do the things that we eventually learned to do ourselves, then I went out and hired them.

Q How you say you didn't have a budget as Director of LPD.

A In the first year.

Q And the first year would be July of '83 to July of '84?

A That's right.

Q When did you first start contracting services? I realize you don't have documents in front of you. I'm just asking for your best recollection.

A I can't remember when our first contract --

Q Was it within the first year?

A I would say it was within the first calendar year -- I should say fiscal year, July to July -- definitely in the first year. I don't remember when our first contract was. The thing on the budget --

MR. OLIVER: Can we go off the record for just a minute?

(A discussion was held off the record.)

THE WITNESS: What I wanted to clarify was I didn't want to leave you with the impression my office had no budget at first. It didn't have an independent budget. But we could use the budget of the Office of the Secretary, and did, up until the time when we had our own budget. And I frankly don't remember when that was either. I believe it was fiscal year '84. I believe that fiscal year '84, which would have been October of '84, was when we first had some money of our own.

But up until then, for example, if I had to travel I would travel on S Bureau funds.

BY MR. SMILJANICH: (Resuming)

Q And if you wanted to contract for services during that initial time period you had to make sure that the money was available in the S budget?

A Yeah, sure. We went through the proper procedures, just like a travel voucher.

Q Just very generally let me look here. I have a few of these IBC contracts here, and the earliest one I have here -- Spencer is bringing us a more complete file that he may want to refer to -- but the earliest one I have here was signed in February of 1984. You might take a look at that cover there. That's just the first document there.

MR. TUOHEY: Terry, are you going to mark this as an exhibit?

MR. SMILJANICH: No.

MR. OLIVER: Isn't that a Frank Gomez contract, not an IBC?

BY MR. SMILJANICH: (Resuming)

Q Yes.

A In fact, that may be the first outside contract we had. I don't recall.

Q That's what I was going to ask you.

(Pause.)

MR. TUOHEY: Terry, are you going to ask questions about this contract?

MR. SMILJANICH: I'm not going to get into the details, no, but if anybody does he can certainly refer to it.

MR. TUOHEY: What I'm saying is we won't take the time to read it now.

MR. SMILJANICH: I don't really need him to.

BY MR. SMILJANICH: (Resuming)

Q My first question about this is, do you recall whether or not this was the first or one of the first outside contracts that LPD would have --

A It certainly was one of the first.

Q Now the contract is specifically between LPD and Frank Gomez.

A That's correct.

Q Now did you know Mr. Gomez at that time?

A At this time, yes.

Q How did you first make his acquaintance?

A My recollection is that I first met him after I became the coordinator of public diplomacy on the occasion of a briefing that I gave the USIA Foreign Press Center. If I'm not mistaken, he was the director at that time of the USIA Foreign Press Center. I was introduced to him. He took me out to meet the press. I gave my briefing and we said goodbye.

I may have met him another time. I have this recollection that around the time of the Grenada operation, which would have been October -- the first encounter would have been July or August --

MR. TUOHEY: Of what year?

THE WITNESS: Of '83. And then I think in October again when I went to brief the press -- I went to brief the press several times. I'm not sure he was there every time. So I met him, I think, a couple of times but I'm not even sure that it was a couple of times. It was at least once, so that's when I met him.

BY MR. SMILJANICH: (Resuming)

Q At that time was he associated with Richard Miller?

A No. Not to my knowledge.

Q Now how did this particular contract come about? By this particular contract, I mean the February '84 Frank Gomez contract.

A One of the first people who was assigned to my office, to LPD, was a USIA officer called John Scafe -- S-c-a-f-e. John, who was a very experienced officer, came to my office shortly after it was created. He was one of the first few people, and he knew what kind of demands we were under. And he said, several months later -- not right away, several months later -- he said, remember Frank Gomez who you met?

I said yeah. Well, he's retiring from USIA, and there was something to the effect of why don't we hire him. And I said, you know, at that time I would have hired anybody who walked in the door who had the right requirements.

And, frankly, Gomez' qualifications were very good. In addition to the USIA experience he had been a Deputy Assistant Secretary of State for Public Affairs and knew the region, Central America, had served in the region, spoke the language -- on and on and on -- just made to order for our office.

I don't recall whether -- I think he wanted to retire and not work for us. At first I probably said, you know, USIA owes us a detailee because we were supposed to have two. Can we have him detailed? And I have this vague recollection that no, he wants to retire, but we can hire him as a contractor, and I said fine, let's do it. And this is the result.

Q Did anybody outside your office lobby for or make a recommendation to you to contract with Mr. Gomez?

A No, not to my recollection. The only person I remember is John Scafe.

Q You then met with Mr. Gomez and negotiated this contract? In other words, how did you go about it?

A Well, I certainly met with him. I mean, he came into the office -- I don't remember when -- and said, either he said this is what I can do for you or I said what can you do for us, and it was pretty obvious right away that he could help us a great deal. He might have even brought with him some samples of writing, some things, for example, like fact sheets, et cetera.

We're now going back almost four years in time. I think one of the biggest complaints I had was that there were certain allegations about the policy which were wrong but they kept being repeated. And one of the things he said he could help us with was these misconceptions. So I think one of the first things he did for us was a paper on misconceptions, one-pagers.

I wanted to reduce the enormous amount of information we had to something that could be easily digested by busy people -- Members of Congress, editors, whatever.

Q How did you arrive at a contract price with him? Do you recall that process?

A I don't recall that. What I usually did was I would turn it over to the appropriate people in the Department. I did not set the prices -- at least I have no recollection of ever discussing the price of any contract with anyone, because I don't know what the services are worth. I don't have any experience in that.

Q So you left that up to your staff?

A I left it up to the staff and to the technical people whose job it is to do that.

Q What do you mean the technical people?

A Well, the State Department contracting office.

Q In other words, outside your particular staff at LPD?

A Oh, yes, outside. Sure. Our inside staff had no one knowledgeable about contracting. As I said, the most we ever had, including secretaries, was about 19, 20 people, including the people who did all the mountains of paperwork. I had substantive people. I just could not afford to have --

MR. TUOHEY: Let me for the record make not an objection but a clarification. I think this is an important one to put on the record. The contracting officer, the procurement contracting staff, is a separate entity within the State Department, and that's important because -- and I will get into more of this later -- I have discussed at some length with the Inspector General's staff, I know some of you fellows have, the inquiry into the contracting process, and I think it's important that the record reflect, and the Ambassador certainly will respond to the questions at the appropriate time, that there was a separate contracting officer staff that handled a lot of these negotiations that was not under his control.

MR. SMILJANICH: I appreciate that clarification. I think that's clear in his answer, that the actual contracting out of the service was performed by an entity within State Department outside your staff.

THE WITNESS: That's correct.

BY MR. SMILJANICH: (Resuming)

Q Now I don't know if there is a reference within that contract or not to this. If there were, I'd point it right out to you. Do you recall whether or not there was any discussion of the necessity for security clearances to Mr. Gomez in connection with that contract?

A No, not at that time. I don't recall any at all.

Q Now let me see, then --

A Wait a second. Now that you mention it, I think I was told that Gomez had a clearance.

MR. TUOHEY: I think the question was whether you recalled the language of the contract referring to it, and you haven't had a chance to review it in detail, so you just don't know.

THE WITNESS: That's right.

BY MR. SMILJANICH: (Resuming)

Q I didn't say anything about it. I just wondered if he recalled anything about the discussion of whether or not he needed a security clearance in connection with this.

A Um-umm.

Q The next contract that I have with me here -- and let me for the record state that I'm not at all asking you to assume that everything I show you is every single contract in connection with these matters. These are just simply ones that I have been able to pull from the file. I don't know whether they are complete or not. But I just wanted to refer you to some specific ones.

This next document is a contract with Mr. Gomez and your office. The date of signature is July 18, 1984. The contract amount is $95,000. For the record --

A $95,000? $9,500.

Q I'm sorry, $9,500. The first one's $9,500. For the record, the first one I showed you, the date of signature was February 27, 1984, between Mr. Gomez and your office, for $9,500, and the second one is for the same amount.

Take a moment and look at that. I'm not going to ask you detailed questions about it. Just look at it to familiarize yourself generally with the subject.

(Pause.)

A Yes. This looks familiar.

Q I just have a general question. Do you recall how this subsequent contract came about, any discussions about it or what led up to it?

A Well, I'm sure -- I assume that the way that it happened was after our, say, first trial period with Gomez, whom, by the way, we knew from referral but we didn't know how he could perform for us, we felt that he was performing very well and decided to continue the services.

So the time of the first contract was about to run out or had run out or whatever, and another contract was drawn up.

Q Okay. When did you first make the acquaintance of Richard Miller?

A I knew Richard Miller when he was in AID, and I don't remember whether he was already the Director for Public Affairs or was the Deputy Director. I believe he was Deputy Director of Public Affairs at AID before he was Director of Public Affairs.

I would say I don't recall meeting him before '82. I was already the Assistant Administrator of AID. But it could have been '81. It could easily have been '81.

Q Did you know whether or not Mr. Gomez and Mr. Miller had any connection at the time you were engaging in these contracts?

A No, I did not.

MR. TUOHEY: Would you state the question again?

BY MR. SMILJANICH: (Resuming)

Q Yes. At the time you were working with these initial contracts that I've shown you were you aware of any connection between Mr. Gomez and Mr. Miller?

A No.

Q Richard Miller?

A No, I was not.

Q We might as well go ahead and just run some names past you. Do you know Carl Spitz Channell?

A No, I don't.

Q You've never met him?

A I've never met him, to my knowledge.

Q Did Colonel North, to your recollection, have anything to do with discussions concerning entering into these specific contracts that I've shown you?

A No, not to my knowledge.

Q Let me show you a contract, date of signature of January 28, 1985, between your office and International Business Communications of Washington, D. C. in the amount of, I believe, $24,400, and it shows contractor representative Frank Gomez. Take a moment, and again I'm not going to ask you detailed questions about it.

(Pause.)

A Yes.

Q How did International Business Communications come to your attention, if it did?

A Yes, it did. To the best of my recollection, what happened was toward the end of '84, after we had had nearly a year of what we considered to be a successful professional relationship with Frank Gomez, I believe he came to us and said I am -- we probably wanted to continue working with him.

I know we wanted to continue working with him, and he said I'm forming a corporation with Rich Miller -- he probably said with Rich Miller; I don't recall, but there's no reason for him to not disclose that -- and it's called International Business Communications.

And so from now on it won't be Frank Gomez that makes the proposals or has the contract, but if we want to continue the relationship it will be with IBC, which is not unusual. I thought it was for tax purposes or something, or to expand their capabilities.

Q Now were these what is referred to as sole source contracts?

A Yes, they were.

Q In other words, you didn't put out a request for proposals or anything like that out and accept bids?

A That is correct.

Q You were, up to this point, very satisfied with the work Mr. Gomez was producing for you?

A Yes.

Q And his product again, just in general terms, the product he was producing was papers, things such as that?

A Papers, but not just papers. He was in very frequent contact with people in my office, particularly John Scafe, Jonathan Miller -- who was the COTR contracting office technical representative -- with me less frequently. But I would see him. If he would pick up some information that he thought would be valuable and we should include, he would pick up the phone and call.

So it wasn't just papers but it was a lot of papers. It was advice. It was translations. It was the kind of services described in here.

Q Did IBC or Mr. Gomez or Mr. Miller or the people within IBC, did they do any of the actual contact with the outside world?

A Oh, yes. They had contact with the outside world.

Q In terms of getting the message out. That's what I'm talking about -- in terms of your overall objective.

A No. They came to us and suggested that we do this or that. In some cases they had contacts, I am

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sure, with the outside world, but they weren't doing it for us. I wanted to make sure that whatever they did for us was only things that were included in the contract.

Q In other words, they were producing material and information and whatever for your use. They were not going out and acting on behalf of the Office of Public Diplomacy and speaking to groups and saying we're here for the Office and things such as that?

A Not to my knowledge.

Q Or making specific contact with targets, if I can use that word, targets.

A Target audiences. Well, yes. They would identify audiences and I know that there were times, for example, when they would organize -- I think there was a time when they set up a press conference for, say, a defector. So to the extent, as I mentioned earlier, that one of our target audiences, one of our audiences, was the press, then, yes, they did make contact.

I'm remembering some now that they did make contact with some of the outside groups or a reporter who would have asked a question, for example, who were to call the producer of a program who wanted to have on his or her show a real live Salvadoran guerrilla defector, let's say. And so Frank Gomez or someone else -- not only Frank Gomez but including Frank Gomez -- would take

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this defector over there.

Q Was there one person within your staff who was primarily responsible for administering the Gomez and then later the IBC contracts?

A Yes. Well, if you mean a contracting office technical representative, yes. They are listed. There's a requirement in these contracts that a COTR be designated, and I believe every one of the contracts has a name.

Q And the COTR would be the person within your staff primarily responsible for overseeing the implementation of the contract?

A Primarily responsible, yes.

Q Did any other individuals or companies come to you and request the opportunity to provide services other than IBC?

A Oh, yes, lots of people.

Q How did you go about determining -- that's not a very clear question.

A I'll give you an unclear answer.

Q That won't do either of us any good.

You obviously reached the decision to continue on with the services of IBC during this time period as opposed to switching to other groups or allowing other groups to bid on the work. My question is, how did you arrive at what I assume was your decision in that regard.

A Well, there were other groups or other individuals that came to us offering their services. Some were hired.

Q Name some other groups that were hired to do services?

A Well, individuals. One that I know that has been mentioned is Mark Richards, who we thought had unique capabilities in press relations. Another one that's been in the press is Arturo Cruz, Jr., who in my opinion had a very unique perspective into the thinking of the Nicaraguan government at a particular point in time when he was a member of it -- people like that.

There were other individuals -- I forget their names -- people who wrote papers for us, for example, on a particular subject -- terrorism. There's a whole list of contractors. We had, by the way, a lot of people who came and frankly we did not like their proposals. Either they were things that we could already do in-house or we didn't think they were qualified or they were very expensive.

You know, people would come and say I can win the war for you in Central America if you give me a $2 million contract. You know, obviously they weren't serious. I'm using that as a humorous statement.

Q I understand.

A That's it.

MR. SMILJANICH: Off the record for a second.

(A discussion was held off the record.)

MR. SMILJANICH: On the record.

BY MR. SMILJANICH: (Resuming)

Q Mr. Ambassador, we just had a discussion off the record about how much the total amounts of the contracts were for both IBC and Mr. Gomez. Would you agree that as a very approximate ballpark figure $400,000 as a total contract amount sounds about right?

A It sounds about right.

Q We're putting Mr. Gomez and IBC together as one group, although I realize that technically we're dealing with a corporation as opposed to an individual, but putting them together. Was there any other company that had a similar amount, a similar contractual amount as IBC and Mr. Gomez?

A No.

Q Understanding you don't have any records in front of you to specifically refresh your recollection, can you think of who would have been the second in terms of the total amount of contracts?

A No, I don't.

Q Can you think of an approximate ballpark amount of what the second-largest collection of contracts would be?

A I would say it probably would have been Mark Richards.

Q And approximately how much was the value of his contract?

A I don't remember.

Q Less than $100,000?

A Well, he worked for us as a contractor for over two years. He might have gotten --

MR. TUOHEY: You don't want to speculate. Do you know?

THE WITNESS: No.

BY MR. SMILJANICH: (Resuming)

Q If you know. So it would be fair to say that IBC, even excluding Mr. Gomez, that IBC was the largest contractor for LPD during your tenure?

A Yes. It appears that way.

Q Do you recall how and when the subject of security clearances ever came up in connection with IBC?

A Yes.

Q Tell me about it.

A I've tried to reconstruct this. I knew you would be interested in it. First of all, Frank Gomez had been handling, let's say dealing, with defectors for us, taking them around, for a long time. But sometime in the summer of 1985 we started getting [redacted]

Q Okay. Stop. Let's go off the record a second.

(A discussion was held off the record.) [redacted]

THE WITNESS: [redacted]

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Jonathan Miller had left, who had been the COTR for most of the IBC contracts.

In Jonathan Miller's absence --

MR. TUOHEY: Can we step outside for just a second?

(Witness conferring with counsel.)

MR. TUOHEY: I just want to explain something, and this can be on the record. One of the confusing aspects of this period of time, which the Ambassador will explain in some detail and you can ask him anything you want about it, I just want to make sure the record is clear because none of us know where this transcript is going when it leaves this room.

MR. SMILJANICH: I can answer that.

MR. TUOHEY: Eventually. The Ambassador is going to explain that at the time these conversations and the ultimate decision to tell Gomez to handle this matter was taken care of, there was a contract proposal on the table not yet approved. It's the contract which is later classified as Secret, which I'm sure you are going to ask questions about. But that's on the table and, as the Ambassador will explain and I just want clear on the record, in the time sequence, at the time the decision was made to allow Mr. Gomez or his entity to handle this matter, thereby committing funds of the Department of

State, the contract proposal on the table to handle just such a situation, defectors, the decision was made to go ahead and have Mr. Gomez handle it, even though the contract was not approved.

The Ambassador will tell you he did it on the advice of others. But that's the sequence we're in. It's a very confusing time and I just want that clear. I'm not trying to testify in his behalf. He will explain it in detail, but I just want you to understand the period.

BY MR. SMILJANICH: (Resuming)

Q I appreciate that and I think, you know, the Ambassador, as he goes through the narrative, you know, he's approaching this, which is frankly what I would like, a general narrative approach to this. If you want to explain the context or I would assume you would want to talk about some of the matters your counsel just referred to, please go ahead.

I just want to get your overall story about this.

A What I started to tell you was that when Jonathan Miller had been the COTR, had left the office, let's say September 85 -- Labor Day, is what I mentioned earlier, around that time -- the position was vacant. The second Deputy position was vacant. I asked a detailee, one of my detailees from the Defense Department, an Air Force Lieutenant Colonel, to help me deal with the bureaucracy in the management of contracts in general.

Q Please give me his name.

A Jake Jacobovitz -- actually David, but we never called him David. Colonel Jacobovitz, therefore, started dealing with the contracting office on what became the final IBC contract. What else?

Q Go ahead. [redacted]

A Okay. Sometime in the fall of '85, sometime after September -- I believe October or November -- and this has all been reminded to me, you know, because of all the various questions I've been asked by different people -- Jacobovitz came to me and said somebody suggests -- and who the "somebody" is is not clear in my head, if he ever told me -- it has been suggested that this contract be classified because of the handling of defectors.

Q And again this conversation with Mr. Jacobovitz is in approximately what time frame?

A [redacted]

Q [redacted]

Q I think, as I recall, that's kind of where you left off the story, and, as I say, you can tell it in any fashion you want to, but I want to make sure we get back to that because we haven't gotten yet to Mr. Gomez getting involved in this.

A We were kind of in a bind, frankly. [redacted]

The seventh floor tells me it's your problem, you handle it. Someone suggested -- I'm not even sure, frankly, that it was my idea; it was probably somebody on my staff -- let Frank handle it. Frank has proven himself very capable of handling defectors, and he did. He spoke the language as a native. He knew the region.

He was very good at dealing with people, with those kind of people under stress. [redacted]

Q This is what your counsel was referring to, the fact that there was at this same time the process of negotiating and entering into a new contract?

A That's right. That's correct, which was not at that time classified, because we had never classified it before. But because of the concern which we had always had [redacted]

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Q Was there a primary source of this information from the Agency? Was it [redacted]?

A I don't think it was [redacted] himself. It was people under him.

Q Go ahead.

A So they said something to the effect of get ready and, frankly, I thought well, this is good because these people are resources and they will prove that what the Administration is saying is true about Soviet-Cuban presence in Nicaragua or human rights violations, [redacted] or the other elements of the lines of arguments we were following.

So I said, great, let the defectors come. But it concerned me, of course, a great deal that the Sandinistas were also aware of this and the damage that was being done to their government by the statements of these defectors and were perfectly capable of killing them, as in effect they had killed a lot of people.

[redacted] We had no money. I mean, I couldn't

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go up to SSEX and say, hey, I need money for a coat. They would say, that's not in the budget. [redacted] And I think that's a disgrace, frankly -- the fact that the most powerful country in the world is not prepared to deal with the people who trust their lives to us, and it doesn't surprise me at all what happened with Yurchenko, the Soviet defector, who went back. He figured, you know, these guys are so disorganized I don't want to be associated with them.

MR. TUOHEY: You were talking about the process by which the decision was made to classify it.

THE WITNESS: When, I believe, Jake came to me -- I say "believe" because to the best of my recollection he was the one who came to me, and, by the way, he has told me that that's what he also believes -- and said this should be classified, I said fine, go get it classified.

BY MR. SMILJANICH: (Resuming)

Q Okay. Now the fact that you were going to contract with IBC for services that included handling of defectors was something that was already on the table at the time this particular subject came up about this particular defector; is that right?

A Yes. And they had already done it before.

Q And they had already done it before in the previous contract?

A Yes.

Q Now in the middle of your story you said you wanted to add something.

A [redacted] we have no kitty. Maybe that shouldn't even be in here, because I think it's so embarrassing to the United States that it would discourage future defectors. If I was a potential defector, I would think twice.

Q We'll worry about that.

The previous defectors that Gomez and IBC had helped you out with, the problem with regard to security clearances hadn't come up in connection with those services?

A No.

Q During these discussions you have just related leading up to a decision to classify this contract was there any discussion, to your recollection, with anyone about the relationship between the classification of the contract and the requirement to go outside of a sole source approach to this matter?

A Not to my recollection.

Q Specifically, for example, were there any discussions that in order to issue another sole source contract the matter had to be classified?

A No.

Q Nobody brought that up with you?

A Not that I can remember.

Q Now this last contract -- and I'm not even sure I have it; I don't think I have it with me -- this last contract with IBC -- and it was the last contract with IBC, wasn't it, that we're talking about?

A That's right, the $276,000.

Q That would have run from approximately when to approximately when?

A Fiscal year '86, so October 1, '85-September 30, '86, I believe.

Q Now there's evidence -- first of all, was the contract signed in '85 for fiscal year '86? Was there a signed contract?

A My understanding, after the fact, is that the contract was signed in August of '86.

Q Now why was there a gap between the preparation of the contract and the actual signing of it?

A Well, here I have a lot of problems answering because I left the office in January of '86, when the contract was still being negotiated, and it was not signed for several months later.

Q Was IBC performing services from October '85 to the time you left in January '86 pursuant to that contract?

A It appears that they were. It appears that they were performing services in anticipation of the signing of that contract.

Q And do you know what it was that was taking place during the time frame of September-October of '85 to January of '86 that prevented there being a final signed contract? What was going on?

A What I was told was -- and I asked -- was that there were a lot of bureaucracy problems. I didn't deal personally directly, as I said, with the contracting office or any other office. This was a very busy time and we're dealing with a lot of different issues, and this was only one. I'd say it was maybe one percent, two percent of what took up my time.

But Jake Jacobowitz would keep coming back to me saying well, now we need another piece of paper, and now they need this and now they need a site security clearance, now they need this.

Q Who is "they"?

A Well, "they" would be different. See, "they" was anybody outside our office practically because we dealt with a lot of different people, different offices and different individuals. I mean, there was so much turnover. One day we'd be dealing with the contracting officer, with one person, and the next day it could be somebody else. So I didn't even bother to learn the names, except, you know, the supervisors.

Q But the entity dealing with the negotiations or working up this contract was the contracting officer entity outside your LPD staff; is that right?

A Among others.

Q Among who else?

A Well, this is what I'm not clear, because "they", as I say, "they" included the contracting officer. At times it included the legal people. Sometimes it included security people. At one point the Office of Security had to be involved because we were told or they told us -- "they" being I don't know which one of those entities -- told us that IBC was going to need a site security clearance if they were going to have -- if the contract was going to be classified.

So "they" referred to a lot of different people. And Jake Jacobowitz or his predecessors and successors were the ones who dealt with "them".

Q And his predecessor was Jonathan Miller?

A No. Yes and no. His predecessor --

Q On this subject.

A Well, his predecessor -- that is to say, the liaison officer with IBC -- was Jonathan Miller. But not his predecessor as liaison with the contracting office. What happened was our administrative officer, Frank Gardner, who was one of a whole series of administrative officers we had in a short period of time, left the office about the same time Jonathan Miller did. He retired after many years, after 40 years.

It was a coincidence. So I had a double-bind. Not only did I lose my contracting office technical representative, I lost my administrative officer just about within weeks or days of each other. And Jake Jacobowitz frankly ended up with both of those responsibilities dumped on him, willingly. I mean, he volunteered. I'm not saying that I chained him and said you have to do this. He was willing to do it because he knew the job had to get done, and I don't think anybody anticipated having this many problems.

We thought it was a matter of getting all of the proper forms signed, all the proper procedures, and eventually, like all the other contracts, this one would also be signed.

Q To your knowledge was there any other fact --

A Can I add something on the administrative officer business?

Q Please do.

A I think it's important -- and I'm not trying to dump on the State Department, but since I'm here and this is not the normal position of an Ambassador of having to come and explain all these things -- when the office was created I did not know what it was going to turn out to be like. As I said, I was the only person in the office for a while, and then people started coming. It started growing. It started becoming more and more a source of information that people turned to.

And without blowing our own horn, it got to the point where the President of the United States, the Secretary of State, the National Security Advisor, Cabinet officials and lots of other people relied on our information and used it verbatim. I mean, it was that good. My principal concern, frankly, was the credibility of our product. That's what I spent most of my time on.

I'm not a contracting officer. I'm not a lawyer. I couldn't possibly substitute for the people I thought were supporting us, you know, our principal job, which was to get information out that was credible and that was accurate, et cetera.

So at a point when the office started growing -- I think late '83 -- I said I can't handle all of this administrative stuff. I need an administrative officer in the office as part of the staff. We had not anticipated this because this was a brand new office, the only Office of Public Diplomacy that has ever existed, had ever existed until a couple of years after that. And there were so administrative requirements in our office -- I mean, even things like they'd ask me, for example, for job descriptions for each one of the people. I said I don't have time to write up job descriptions.

They asked me to draw an administrative, a diagram of where everybody fit.

Q An organization chart?

A An organizational chart and all these things. I said who's going to do the public diplomacy job while I do this kind of thing? So I said, listen, please give me as one of the detailees from somewhere, give me somebody who's knowledgeable in administration. State couldn't come up with one. AID came up with Matthew Friedman. In other words, what I did was I would call the four agencies that I had been told would support me, and the first one that came up with some administrative support was AID, so Matthew Friedman came.

Unfortunately for Matthew Friedman and for us, he also didn't know State Department administrative procedure because he was a political appointee who had done some administrative work at AID and who volunteered to do it for us, and who was very bright and picked up very quickly, but then he left sometime in, around Labor Day of '84 as opposed to -- I don't know why people decide to leave around Labor Day, but it's a logical time at the end of the summer.

We were without administrative support -- I would say I would have to go back and look at the records -- but I would say for at least half the time that the office was in operation and I was the director of it. That is not conducive to good management. I asked repeatedly for and I begged, I pleaded, for an administrative officer to be assigned to the office precisely so we would avoid contract problems.

We were contracting out for services. We were swamped with requests for this, that, and we didn't have anybody in house who could do it. The support we were getting from SSEX, which was the office that I was told would support us, was not adequate and, in fairness to them, they never expected that they would have to support us. They also had the Office of the Special Envoy, the Kissinger Commission, all these other offices were created just for Latin America, in addition to all the other offices that they had to support for the rest of the world that were just created. They were swamped.

Eventually I got a State Department administrative officer. I don't even remember who he was at the time. We had a series of very short-term people. We had a young lady who all of a sudden got assigned to Rome, so she left, so we were vacant. We had a young man, very bright, who got a job in INR. Brent Blasky was his name. If we could have kept him we probably wouldn't have had any problems at all, because he knew the system.

There were long periods of vacancies. This was one of the periods of vacancies -- as a matter of fact, three months.

Q It sounds like you had an easy go of it. Was there, to your knowledge, any other factor other than what you have described involved in the decision to classify the final IBC contract?

A Not to my knowledge or not to my recollection.

Q Did anyone -- I apologize; I think I asked you this in connection with Mr. Gomez, but let me ask you about IBC, and particularly, specifically, the final contract with IBC -- did anyone other than IBC which would have wanted to have a contract, did anyone other than IBC come to you or bring any information to you asking that IBC be allowed to have another contract for fiscal year 1986?

A No, not that I can remember.

Q Let me just ask the general question. Did Oliver North, Lieutenant Colonel North, have any involvement at all in any of the discussions about security clearances or the contracting for services with IBC, to your recollection and knowledge?

A I have been trying to think. I anticipated that question, and it is possible that he may have asked me about it once very late, but I'm not even sure of that, and that would not have surprised me because people knew that Gomez particularly was doing work for us and had done a good job.

But the reason I say I can't remember is because a number of people were aware of the IBC-Gomez relationship at the NSC, people who had a need to know and who knew about it and who were satisfied. And they may have asked about it as well, like what's happening or what's Frank Gomez up to and that kind of thing, but it would have been that kind of an inquiry, not any pressure or anything like that.

Q Did you have any belief or even a suspicion that Colonel North had a connection with or reason to wish that IBC or its people would get a contract with the State Department?

A I had only one occasion where I very late, right before leaving for Venezuela, during my consultations long after leaving the S/LPD, when I was at the National Security Council in the Old Executive Office Building, and I happened to walk into North's office --

Q Excuse me for interrupting. Are you talking about when you were Ambassador?

A I was Ambassador-designate. I can't remember the date, but I would think it would have been April or May already, right before I left. I was sworn in May 12 and left May 16, so it would have been before that. I walked into North's office unannounced and saw Miller and Gomez walking out. But, once again, you know, at that time I didn't give it much thought because they were sources of information for us on Central America.

Everybody knew that Ollie North was working on Central America. It seemed like a logical connection.

Q Now I've gotten confused here. You said this would have been approximately April or May of '86?

A Right, right before I left.

Q I thought that you were originally told you were going to become Ambassador or designated Ambassador in late '85 and it was January of '86 that you were confirmed?

A That's correct -- no, no, that I was announced. See, what happened -- can I give you the chronology?

Q Please, go ahead.

A I knew in approximately May '85 --

Q '85?

A '85, yes. This took a long time. It took a year. May '85 was my first conversation with Secretary Shultz and the White House about Venezuela. It took a long time for them to make up their minds, et cetera, et cetera. In August '85 President Reagan signed the internal memorandum that said my choice is Otto Reich, but check him out or whatever it is they do. I never saw the memorandum. The FBI clearance then starts and all that.

December '85 -- it took four months, and part of the problem was we had the Geneva summit with Gorbachev and that paralyzed -- that slowed down the Executive branch, and in December '85 the President then called me and said, you know, I want you to be Ambassador to Venezuela. It took another month, however, for the public announcement and transmittal of the papers to the Senate.

I didn't think that I should leave my office until the public announcement. But, for your information, I was preparing myself to be Ambassador to Venezuela from even before the time the President signed the memorandum in August. I was reading Venezuelan history books and economics and stuff and trying to run the office. So January of '86, when the announcement was made, I then by memorandum informed everyone in the Department that I was no longer the coordinator.

I wrote a memo to my staff saying the President has appointed me, as you know. I mean, I had told them before. And said some nice things about them, et cetera, et cetera, and said John Blacken will be Acting Coordinator until a new coordinator is appointed by the Secretary, the President, whoever.

So from January of '86 to May of '86 I concentrated on my confirmation hearings and getting out of here. It takes a while. During that time I visited people in the Executive Branch -- Commerce Department, Treasury, everybody that would have something to do with my Venezuela assignment. During one of those visits to the NSC is when I happened to see these guys come out of Ollie's office.

Q Were you there to see North?

A No, I didn't have an appointment with him that I recall because, frankly, he wasn't going to have anything to do with Venezuela that I knew of. But I always used to drop by and say hello to Fawn, you know. She was a friend. Poor Fawn. She's gotten a bad rap and doesn't deserve it.

Q I don't feel so sorry for her. She's gotten some nice publicity.

MR. OLIVER: She's also got immunity.

THE WITNESS: So the best of my recollection -- and, as I said, it was not the kind of thing that would have stuck in my mind. So it's vague, but it's around that time, I would say.

BY MR. SMILJANICH: (Resuming)

Q Now during that time period of getting prepared td be confirmed as Ambassador to Venezuela, one of the things you were doing was starting to get familiar with the cable traffic to and from Venezuela?

A Yes. I started reading cable traffic.

Q When did you start that process?

A I believe I started reading cable traffic -- I believe I started reading cable traffic in the fall of '85. Wait a second. I must have because in January of '85 I said I don't want to see another cable about Central America that doesn't have to do with Venezuela.

MR. TUOHEY: '85 or '86?

THE WITNESS: '86, when I was officially nominated, because I wanted everybody -- I knew what was going to happen. People were going to still come to me and say could you do this, could you do that, and I was going to say no, I'm sorry.

BY MR. SMILJANICH: (Resuming)

Q But you think it was prior to January of '86 that you started reading the traffic?

A Yes. I'm almost definite. Yes. As I said, I started to get ready for Venezuela in about August of '86, and I started reading cable traffic.

MR. TUOHEY: August of '85, you mean.

THE WITNESS: August of '85.

BY MR. SMILJANICH: (Resuming)

Q Who was the prior Ambassador to Venezuela?

A George Landau -- L-a-n-d-a-u.

Q Was there a hiatus between his leaving and your coming?

A Eleven months.

Q Who was the DCM during that period?

A The Charge, Kim Flower, as in a rose.

Q Okay. And that was an eleven-month period?

A That's correct -- June of '85 to May of '86 -- incredibly long.

Q Kim is a neutral name.

A A man.

Q Were you involved at all in the process or discussions leading up to the switch of LPD from the Secretariat to ARA?

A Yes, I was.

Q How did that come about?

A Well, I don't remember exactly, but it was something to the effect of somebody in the Secretariat -- I believe it was Nick Platt, Nicholas Platt -- said we can't have, and he used a term which I objected to, growths and polyps attached to the office -- but it was descriptive -- attached to the Office of the Secretary because, he says, we just can't support them all. He was right.

He was right from the administrative standpoint. I said if you remove the office from the Office of the Secretary, these public diplomacy operations, you're going to downgrade them in everybody's minds and they won't have the kind of political support from the other agencies that they need, detailees, et cetera.

So there ensued a discussion of several months where the Deputy Secretary, John Whitehead, was involved as to what do we do with these offices. By that time the South Africa Bureau had started one based on what was then called the extremely successful example of the Office of Public Diplomacy for Latin America and the Caribbean. I'm going to keep that clipping. And there were several options considered -- for example, attaching them to the Bureau of Public Affairs, creating or attaching them to the regional bureaus, a lot of different things which I don't remember.

But what was finally decided -- and I think it was decided during the period between January and May of '86 -- was to attach S/LPD to ARA and we became ARA/LPD.

Q Now at that time Elliott Abrams was Assistant Secretary of ARA.

A That is correct.

Q Did you have any discussions with him about the fact that ARA didn't want LPD transferred over there?

A Oh, sure, yes.

Q What were the reasons he gave you?

A Oh, he agreed with me, for example. Budget was one reason. By that time our office had a budget of something like $750,000 -- I don't remember -- and the staff. I was concerned that the budgetary constraints being what they are if the budget was transferred from the Secretary, which is a very high priority, to a regional bureau that the office would eventually shrink.

I thought, frankly, we had broken ground. I thought we had done something that the U. S. Government should do more of, and that is to talk directly to the American people, to communicate with the American people, to produce information. I was very upset with, and I communicated this to my superiors back in '81, '82, '83, which is why I got the job, that so many of our officials would go to the Congress and be asked something about Central America and say sorry, I can't share that with you because it's classified information.

Now it's true, and everybody who has a clearance knows, that there are sources and methods to be protected, but I also knew that with a concerted effort, with a lot of work, and with some high priority that you could get the intelligence community to declassify and you could also go out to the unclassified world and gather information that would support what we already had but that was classified.

MR. TUOHEY: The question, though -- we're getting off the question -- is did you agree with Abrams and, if so, why?

THE WITNESS: Yes, I agreed because I thought the office would be downgraded by virtue of the budget and the positions that eventually the Bureau would have to absorb. The ARA Bureau would have to absorb the budget and the positions and it would atrophy.

BY MR. SMILJANICH: (Resuming)

Q Getting back to one of the initial topics we discussed -- that is, the overall objectives of the Office of Public Diplomacy -- and I hope that this isn't too much of a loaded question and tell me if it is -- was part of your objective during this time frame -- as you know, we're talking about right in the middle of the severest form of the Boland Amendment, complete cutoff of funds, was part of your overall objective or job to try to get Congress to change its mind about that matter and to start funding?

A It was to support the Administration's request.

Q To get Congress to fund further in that area?

A Yes.

MR. SMILJANICH: Okay. Off the record.

(A brief recess was taken.)

MR. SMILJANICH: On the record.

BY MR. SMILJANICH: (Resuming)

Q I was going to move on to Venezuela, but let me back up for a second. You have described one occasion in which you happened to be over where North's office was at the Old Executive Office Building and saw Gomez and, I believe, Richard Miller, I think you said, there. What happened in that connection? Did you all then have a general discussion?

A I was in the building. I stuck my head in like I always used to stick my head in to a lot of people if I happened to walk by their office, and they were walking out, and I said what are you guys doing, something to that effect. And whatever it was that was said I don't remember.

Q Were you ever at a meeting in which Lieutenant Colonel North and -- let's start with Frank Gomez -- Lieutenant Colonel North and Frank Gomez were both in attendance?

A No, not that I can recall ever, a meeting of that kind.

Q Were you ever at a meeting in which Oliver North and Richard Miller were in attendance at the same time?

A No. I just want to explain that I attended a lot of meetings. Some of them were very large meetings. They may have been in the same room, but I do not ever recall seeing them in the same room.

Q I want to be fair. I'm not talking about a group of 100 people and maybe the two of them were there. I mean a meeting of a smaller group, let's say five or less.

A No.

Q Or ten or less.

The Committee has had access to the calendar of Lieutenant Colonel North and there are a few occasions in which he shows reflected on his calendar an appointment or a meeting -- of course, you can't tell if this is before the fact or after the fact -- an entry of meetings in which it shows Otto Reich, Richard Miller, Frank Gomez.

A Together?

Q Yes. As an example, a date which he shows on his calendar -- Reich, Gomez, Miller. Now maybe Miller is Jonathan Miller on occasions, but that shows up on his calendar. Let me make that representation to you and just ask you if you can recall any occasions where that took place. I know I've already asked you, but given that information is there any further recollection you have of any such meetings?

A No.

MR. TUOHEY: Do you have the calendar and we could pinpoint the date?

MR. SMILJANICH: As a matter of fact, Spencer has a summary of the dates and he can give you some specific ones.

THE WITNESS: You mean there's more than one?

MR. OLIVER: These are dates when you appear on his calendar. I don't know who else is in the meetings during those times.

THE WITNESS: I would probably appear on his calendar.

BY MR. SMILJANICH: (Resuming)

Q Let me make it clear my questions were not just every time you met with Colonel North. I'm talking about combining it with these other people, and I think there are a few we can pinpoint.

MR. OLIVER: You want me just to read these? I have the actual calendar. February 11, 1985.

BY MR. SMILJANICH: (Resuming)

Q February 11, 1985, at 1530 we show a meeting with Raymond, Reich, Miller and Gomez, and again Miller is not necessarily Richard Miller.

A Probably wouldn't have been Richard Miller.

MR. OLIVER: We show on June 5 at noon lunch with Rich Miller, Frank Gomez, Jonathan Miller and Otto Reich at the IBC office.

MR. TUOHEY: June 5, '85?

THE WITNESS: I remember that.

MR. OLIVER: We show on January 27, 1986, lunch with you at the State Department.

THE WITNESS: Right. I took him out to lunch.

MR. OLIVER: Were Rich Miller and Jonathan Miller at that lunch?

THE WITNESS: No, neither Miller. It was Ollie and myself.

MR. TUOHEY: Does the calendar reflect otherwise?

MR. OLIVER: It's confusing whether there was a meeting with Rich Miller which may have been just before the lunch.

THE WITNESS: He was not at the lunch.

MR. OLIVER: That's what I have on the calendar. I've got Ollie's notes here that have a number of reflections.

BY MR. SMILJANICH: (Resuming)

Q So what we end up with here is --

MR. TUOHEY: Two definitely.

THE WITNESS: Lunch I can tell you for sure.

MR. TUOHEY: February 11, '85 and 3:30 -- Raymond, Reich, Miller, Gomez -- June 5, '85, in the IBC office -- North, Miller, Reich, Gomez for lunch is what was on the calendar.

MR. OLIVER: Right. There's another one here.

MR. SMILJANICH: I remember this now. Well, I'll show it to him.

(Document handed to the witness.)

THE WITNESS: Yes. I remember this.

MR. TUOHEY: Is there any date on this?

MR. SMILJANICH: No, there's no date.

BY MR. SMILJANICH: (Resuming)

Q Okay. Let's approach each one one at a time. First of all, you recall the lunch. Tell us about that.

A To the best of my recollection, Ollie never showed up, which was not unusual. So I wouldn't have remembered him -- at the IBC lunch. And, once again, it's one of those things which is vague, but I remember we waited and waited and everybody got hungry and we decided Ollie is not going to come, and so we ate without Ollie and he never showed up, to the best of my recollection.

That must be the same lunch where I had John Scafe go with me because I didn't want to go. I think Jonathan Miller used to go to those meetings, being Mr. Outside. Since Frank Gomez was going to be involved, I thought John Scafe would be a logical person to go because Miller couldn't go for some reason -- although, is Miller in on the lunch?

MR. OLIVER: Yes.

THE WITNESS: Maybe Scafe went in place of Miller. I don't remember that one, but I don't recall ever having lunch with Ollie North at IBC.

BY MR. SMILJANICH: (Resuming)

Q Do you recall why Ollie North would have been invited to that lunch?

A No, I don't. He was not invited by us. We were not hosting the lunch.

Q Okay. We have 2/11/85. Let's start with

2/11/85 at 3:30 in the afternoon -- Raymond, yourself, Miller and Gomez.

A I have no recollection of that. Now Walt Raymond I met with all the time, and Ollie North I met with all the time. Miller in that case probably would have been Jonathan because, as I said, I don't remember, other than the time when I saw Rich Miller coming out, I don't remember seeing him at any other meeting. But I just have no recollection.

Q Okay. Then June 5, '85.

A Isn't that the lunch?

MR. TUOHEY: That's the one we just talked about.

MR. OLIVER: We have two separate lunches. We have lunch -- I'm sorry. That's Jonathan Miller. This is Rich Miller. Frank Gomez, Jonathan Miller and Otto Reich at the IBC office, June 5, 1985.

THE WITNESS: I remember having lunch there. I remember having lunch at the IBC offices, I believe twice -- twice, period. And so that must be one of those times. Now I don't remember Ollie North ever showing up at any one of those lunches.

BY MR. SMILJANICH: (Resuming)

Q So what we have, then, is one appointment that shows up on North's calendar for February 11 of '85 which

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you just have no recollection of.

A Which may have taken place.

Q And that wouldn't have been the one where you saw Rich Miller and Gomez coming out because that was much later, when you already knew you were going to Venezuela, right?

A In '86, right.

Q Okay. Now moving on to Venezuela, first of all, you've seen the press reports concerning alleged attempts by General Secord to receive some kind of assistance from the Embassy in Caracas to approach the Venezuelan Air Force for purchase of some C-123s.

A I have seen them. I wish I could bring you the front page of every Venezuelan paper of that week, because that was the story.

Q First of all, the time frame when this is supposed to have occurred is, as I recall, very late '85-early '86.

A I don't know. All I know is what I've read in the paper, and it said fall of '85. Most of the stories I have read have said fall of '85.

Q For your benefit, I've seen other documents in other matters connected with that, and I believe the time frame of these alleged events is the fall of '85 until early '86. First of all, you don't have any direct

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knowledge or information concerning any approach by General Secord or anybody on his behalf in connection with these purchases of C-123s?

A I do not.

Q Who is your DCM?

A Jeffrey Davidow.

Q Did Kim Flower leave as DCM when you became Ambassador?

A That's correct.

Q Have you at any time up to today talked with Kim Flower to determine whether or not he has any recollection of this event?

A Yes, I did.

Q And when did you talk with him?

A I talked to him on the phone about a couple of months ago.

Q Where is he now?

A National Security Council.

Q Detailed from State as a career Foreign Service Officer?

A That's correct.

Q What did he tell you he knew about it?

A He said he knew absolutely nothing about it and in fact I called him because I told him that this was a very big issue in the Venezuelan press, and we were

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getting all kinds of questions and, of course, the implications were that not only was the Embassy involved but the Venezuelan government was involved, and the headlines were written in a very inflammatory fashion.

And wanted to, frankly, put an end to the story that was damaging U.S.-Venezuelan relations. And he said I'm telling you you can tell them that I knew absolutely nothing. As far as I know, that never happened, or words to that effect.

Q Have you discussed this issue with any Venezuelans to determine whether or not they know anything about any such approach that may have bypassed the Embassy?

A Well, the Foreign Minister, and he said that they have absolutely no -- in fact, he made a public statement that the Venezuelan government was never approached.

Q Have you ever discussed this with anyone connected with the Venezuelan Air Force?

A No, I have not.

Q Has anyone on your behalf done that?

A No, I don't believe so.

Q You were requested -- by "you" I mean the State Department was requested to search its cables.

A That's correct.

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Q To determine whether or not anything shows up in the cable traffic about this, and I believe you sent a cable back to the Legal Advisor's office at State Department that you made a search.

A I was in Washington at the time and so Davidow sent it.

Q Your officer at the Embassy sent a cable stating that a search had been made and that no such cables could be found?

A That's what I'm told.

Q Okay. That's simple enough. Do you have -- and these are relatively new allegations -- do you have any information or knowledge concerning any attempt by Oliver North or anyone else connected with the U.S. Government to [redacted]

A I believe [redacted] no knowledge whatever.

Q Have you heard those allegations?

A Only since I arrived in Washington. My desk officer told me.

Q Okay. Off the record.

(A discussion was held off the record.)

THE WITNESS: I know absolutely nothing.

BY MR. SHILJANICH: (Resuming)

Q Let me turn it over to some other people with just two last quick questions. Did you ever have any dealings with Robert Owen?

A No. I met Robert Owen in Jonathan Miller's office, which was next to mine. I met him once or twice.

Q During the time Jonathan Miller was over at the NSC, did you have any knowledge during that time that he was assisting Lieutenant Colonel North in the disbursement of some traveler's checks that Lieutenant Colonel North was keeping and using to assist the Nicaraguan resistance?

A No. The first I ever heard of traveler's checks was when it came up in testimony.

Q Did you have any information that Jonathan Miller was involved in assisting Colonel North directly providing financial assistance to contra leaders?

A Well, first of all, I don't know that he has been.

Q I understand. Did you have any information?

A No, I do not.

Q One last thing. You mentioned earlier there was a contract that LPD had with Arturo Cruz, Jr. That was about a $6,000 contract or so.

A Yes, right. I believe of which about only

$2,000 was paid.

Q Why was that?

A Because he didn't fulfill the terms of the contract.

Q The terms of the contract were he was supposed to prepare --

A Three papers, a series of three papers. I believe that the contract was for $6,300. Each one of the installments would have been $2,100, to be paid when completed. He only completed one.

Q Okay. Were you aware of any payments being made to Arturo Cruz, Jr. or his father, Arturo Cruz, [redacted] or directly from Lieutenant Colonel North during the Boland Amendment restrictive period -- that is, subsequent to October of 1984?

A I believe that I became aware of payments to the father sometime after the story broke in the press.

Q You mean when it became public knowledge?

A When it became public knowledge, yes.

Q But contemporaneous with any such payments you had no information that Arturo Cruz, Sr., was receiving payments, one or more payments, directly from Lieutenant Colonel North?

A No, no, not from North. The story broke that he had received payments -- I think it was a Wall Street

Journal story, because it was, I am told, a leak from the House Intelligence Committee.

MR. OLIVER: Who told you that?

THE WITNESS: I believe the source, the Wall Street Journal story sourced it to that source, or people who talked to that reporter said that, at least. Furthermore, that was the information that was circulating inside the Executive Branch at the time, that it was a leak from the House Intelligence Committee.

BY MR. SNILJANICH: (Resuming)

Q That what?

A That Cruz --

Q Senior?

A [redacted]

Q And beyond that -- I think you've already answered this -- you had no specific information that he was receiving any payments directly from Lieutenant Colonel North [redacted]

A No, no. I did not.

Q Were you aware during the time frame of 1985, up until the time you left Venezuela that Robert Owen was working as a courier for Lieutenant Colonel North carrying money or intelligence to Central America?

A No, I did not.

MR. SMILJANICH: That's all the questions I have.

BY MR. OLIVER:

Q Mr. Ambassador, I'd like to ask you about a few references to you on Oliver North's calendar and in his notes, as well as some questions relating to the IBC contract. First, could we enter this as an Exhibit into the record.

(The document referred to was marked Reich Exhibit Number 1 for identification.)

A We never talked about this one.

Q That's what I'm going to ask you about.

Let the record indicate that we are referring to a National Security Council memorandum piece of paper with the names in the lefthand column of Oliver North, Nestor Sanchez, Frank Gomez, Rich Miller, Otto Reich, Walt Raymond, Jonathan Miller, Jeff Bell, Jack Abramoff. In the second column beside their names, in the same order indicating who they represent, are NSC, DOD, IBC, IBC, State, NSC, State, Citizens for America, Citizens for America. In the righthand column are their phone numbers.

And this appears to be a sign-in sheet of some kind. It should be marked as Exhibit 1.

Mr. Reich, I show you that piece of paper and ask you if you can recall that meeting and what the purpose of the meeting was and what transpired.

A I recall it now. I believe that we were invited to a meeting in the sit room, the situation room, I don't remember by whom, and in fact I think there's a name missing from here, and that's the man who was head of Citizens for America at the time, who ran for governor of New York.

Q Would that be Mr. Lou Lehrman?

A Yes, that's correct. I think he attended. I don't remember much about it except that we were told that Citizens for America wanted to make a presentation about what they were going to do to inform the American people about the situation in Central America, and obviously somebody got them the sit room in the White House.

Usually when I was invited to a meeting at the White House I attended, unless I physically couldn't go. I went. We listened to the presentation, and that was it.

Q Why was someone from the Department of Defense at that meeting?

A I don't have any idea. You'd have to ask him.

Q Do you remember any reference to the

Department of Defense or anything that that representative said about DOD's role in this?

A No, I don't. I'm not sure that any one of us said very much. As I said, from what I recall -- what was the date of this meeting?

Q I'm not sure. Do you remember?

A No. I mean, it's one of, I'm sure, hundreds of meetings that I attended. I have a vague recollection. I remember seeing Lou Lehrman over here and some of the other people around the table.

MR. SMILJANICH: Excuse me. It would be prior to September of '85, wouldn't it?

THE WITNESS: Oh, yes. Well, let me not say oh, yes, so quickly. I believe it probably would be prior to September.

MR. SMILJANICH: The reason I interjected that is because Jonathan Miller is shown.

THE WITNESS: Is shown at State, and the reason I say yes is because it's very vague in my mind and I think it was a while back. But when it would have been -- '84, '85 -- I don't know. So that's it.

BY MR. OLIVER: (Resuming)

Q Did you ever attend any other meetings with this group of people or a similar group of people regarding a project of this nature?

A I think I met with Jack Abramoff once more or an additional time. Nestor Sanchez, of course, I did attend meetings with. And Walt Raymond I attended weekly meetings with -- at least weekly. But this is an unusual combination of people. This may be the only time that this group of people ever got together -- may be the only time.

Q Why were Rich Miller and Frank Gomez at that meeting?

A I don't know. They were probably invited by someone -- by whoever put on the meeting.

Q Do you have any knowledge that they had any relation to anyone else on that list other than you and Jonathan Miller?

A No, I don't have any knowledge that they would have.

Q Wouldn't it have been unusual for a contractor to you and Jonathan Miller to be at a meeting without your knowing why they were there?

A Well, let's assume -- okay, I'm assuming -- that Ollie, since his name is first on the list, is the one who organized the meeting. Obviously he's the only one who would be able to just quickly get the sit room, and I'm not even sure that it was quickly. Maybe this was planned three years in advance. I don't know.

What I'm saying is, let's say it was him. North, as I said, was one of many people who knew that IBC had a contract with the State Department, because the contracts were not classified and because they used to go around the Executive branch giving and picking up information. It could be that he invited them, saying well, these guys should hear what CFA has to say.

MR. TUOHEY: I think the question is do you know that or are you assuming that?

THE WITNESS: I'm assuming. I don't know it.

BY MR. OLIVER: (Resuming)

Q What was the project the Citizens for America presented?

A I believe it was some kind of a television campaign which, if my memory serves me, never got off the ground. I remember walking out of the meeting saying that is a very ambitious undertaking and I think that's the last I ever heard of it.

Q You stated that you met Rich Miller when he worked at AID in the Public Affairs Division.

A Right.

Q What was your role, if any, in bringing Frank Gomez and Rich Miller together?

A None.

Q Do you know how they happened to come

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together?

A No, I don't.

Q Frank Gomez at the time that IBC, that the partnership was formed with Rich Miller, Frank Gomez was under contract to LPD, is that correct?

A To the best of my knowledge, that is correct.

Q Do you recall a phone call from Oliver North in August of 1984 to discuss arrangements for Frank Gomez?

A No, I don't. To me, a phone call to me?

Q Yes.

A No, I don't.

Q Do you ever recall discussing arrangements for Frank Gomez with Oliver North?

A I don't recall ever discussing Frank Gomez with Oliver North -- Frank Gomez's contracts with Oliver North.

Q Could I ask you how did the interaction between you and your deputy, Jonathan Miller, work? Did he report to you about what he was doing as Mr. Outside, as you described him earlier?

A Yes. We had a daily staff meeting which later became three times a week, and since we had a small office I gave everybody an opportunity. We went around the table and everybody informed everybody else what they

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were doing to avoid duplication. That was one way.

And the other. His office was next to mine. We had offices on two levels. John Blacken, who was the inside guy, was down with the bulk of the staff producing materials. I had a small office upstairs that had room for mine and, next to it, Jonathan, and two secretaries outside. So Jonathan would come in to my office and tell me what he was doing or I would go in there and ask him what he was doing.

But, you know, we were working 14 hours a day. If we were to inform each other what we were doing all the time, we would spend about half of those hours informing each other.

Q Did he tell you of a luncheon he had at IBC with Oliver North, Rich Miller and Frank Gomez in early September of 1984?

A I just don't remember if he did or not.

Q Do you recall --

A Just like he probably didn't tell me about hundreds of meetings he attended.

Q Do you recall how the suggestion for an IBC contract first came to your attention?

A An IBC contract?

Q An IBC contract.

A Well, as I told you, we had been dealing with

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Frank Gomez all along. We were satisfied with his performance. He came to us -- I believe he came to us and said I am now a corporation, or words to that effect, and he maybe even said, you know, because of this I will be able to give you better service or something faster, I have more capability, more secretaries or whatever. He was acting very much on his own, pretty much, to the best of my knowledge, pretty much on his own, and said the name of the corporation is International Business Communications, and that's it.

Q That first contract, the work period began October 1, 1984, a few weeks after the lunch between Jonathan Miller, Oliver North, Frank Gomez and Rich Miller. Were you aware of the interaction between Rich Miller and Frank Gomez and Oliver North from that time forward while you were director of LPD?

A No. Well, wait a minute. You said Rich Miller and Oliver North -- or Jonathan Miller?

Q Rich Miller, Frank Gomez, and Oliver North.

A No. Jonathan Miller, yes, but not Rich Miller. Let me add something.

MR. TOOHEY: No.

BY MR. OLIVER: (Resuming)

Q Oliver North's calendar -- I'm not referring to his notes or telephone messages -- shows at least 49 meetings on his calendar with Rich Miller. Were you aware of the relationship between these two?

A No, I was not.

Q There is also quite a number of meetings between Oliver North and Frank Gomez. Were you aware of the frequency with which Oliver North was dealing with Frank Gomez?

A No, but that wouldn't surprise me as much as the Rich Miller since, as I said, Gomez had been dealing with us and everybody knew it.

Can I ask you when most of those dates are -- those 40-some meetings?

Q Well, the dates that we have run from September 10, 1984, through the 21st of November, 1986. When did you leave?

A January of '86 I left.

Q It shows about 34-35 meetings between September 10.

A So the bulk -- that's what I thought because I was not aware really of a close connection.

Q Were you aware of a contract with S/LPD, between the Institute for North-South Issues?

A Yes. I have been made more aware of it in the last few months.

Q What was the purpose of that contract?

A It was, as I remember, a feasibility study, a proposal to do a distribution plan for the State Department for our publications.

Q So during the period of time that IBC had a contract with S/LPD you also executed a separate contract with the Institute for North-South Issues, which was also the same two people -- Mr. Miller and Mr. Gomez?

A It appears that way, that's correct.

Q And these contracts ran simultaneously?

A That's what I have been told since.

Q So the contract with IBC had to do with the distribution of materials.

A The final contract.

Q And the contract with the Institute for North-South Issues had to do with the evaluation of the distribution of materials; is that correct?

A I believe so.

Q So you had a contract with Rich Miller and Frank Gomez to evaluate what Rich Miller and Frank Gomez were doing, is the way it appears?

A No, not were doing. It was to see whether they could do it. What they proposed was a proposal.

Q What was the date of the Institute for North-South Issues contract?

A I believe it was September of '85.

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Q And IBC was already under contract during that period of time?

A I don't remember, but if they were the contract would have ended in September at the end of the fiscal year. I think their contract ran to the end of the fiscal year, but I don't recall that either.

Q Do you know why the payments to IBC took place in every instance substantially after the contract periods began?

A No, I don't. You'd have to ask the contracting officer or whoever signs the checks.

Q Did Oliver North call you -- I believe you referred to this earlier -- and ask you to expedite a payment to IBC because they were financially strapped?

A I don't recall. As I said, I have a vague recollection of a possible phone call from North, but I'm not sure that that was the reason. I do remember a memorandum from Frank Gomez to us requesting expedited payment or perhaps even advance payment because they were going broke, or some words to that effect in, I believe, the spring of '85.

Q Were you aware of the difficulties that the Defense Investigative Services had in obtaining information they needed for a security clearance with IBC?

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A No, not really. I knew a little bit, but I think they started having those difficulties about the time when I left the office, if I'm not mistaken.

Q Were you aware of problems within the contracting bureaucracy over the award of a third contract to IBC, the $276,000 contract?

A Oh, I was aware of the problems with the contract and the bureaucracy over every contract -- IBC and non-IBC.

Q Were you aware that there were objections raised to the sole source nature of the third contract because of requirements that it be made a public bidding process -- a public bidding process be entered into?

A I have been told about those since.

Q Were you aware of the fact that there were suggestions made that the way to get around this requirement for public bidding would be to classify the contract?

A No. I have been told that since.

Q Who told you that?

A Who told me what?

Q Who told you since that --

A People in the Department that I've talked to about this.

Q Would it appear to you that perhaps the classification of this contract might have been in order to avoid having to go out on a public bidding process?

A No. I think that that is an interpretation that some people would like to put on it, but it is not the reason why I remember it was classified at the time.

Q Is it common for the State Department to handle defectors who are in jeopardy?

A I don't know.

Q Have you ever heard of them managing any other defectors?

A We managed ourselves many defectors.

Q Did you ever have any secret contracts to do that other than with IBC?

A No. This was our only experience.

Q [redacted]

A

[redacted]

Q Did you ever at any time see or cause to have done an audit of IBC's expenditures of State Department funds?

A I requested. I requested that every penny that we paid to IBC be accountable, that we could justify every single cent, and I requested that of Colonel Jacobowitz, who was the person who I was relying upon to deal with the contracting office. And I said, in fact, that's one of the reasons why I was told that the contract was taking so long in being signed. That was one of the "they" that I couldn't remember.

"They" included the auditors, the contracting office. I wanted to make sure it was a perfectly legal contract, justifiable, et cetera, et cetera, yes, sole source, because I was told that that was standard procedure, that it could be done, that it was legal and done all the time is what I kept having come back.

But I also said, look, this is a very large contract -- at least it was for us. I said I want to make sure that if anybody ever looks at this contract years from now that it can be said that the American taxpayer got their money's worth. And I was told that there were auditing procedures being set up that were delaying the signing of the contract -- sort of a Catch-22 situation.

Q Did you know that Jake Jacobowitz' sister was an employee of IBC?

A Yes, I did.

Q Do you know how that came about?

MR. TUOHEY: How he knew?

BY MR. OLIVER: (Resuming)

Q How it came about that she was an employee of IBC?

A My memory is not clear as to whether she went to them or they went to her, but there was never any attempt to hide the fact that she was his sister. He told me himself, because her name at that time was Jacobs, and I would not have automatically recognized Fran Jacobs as Jake Jacobowitz's sister. So he said I want you to know that Fran is my sister -- Fran Jacobs is my sister. And I said what can I do about that?

Q Did you suggest to him that it might be a conflict of interest for her to make a presentation for the IBC contract to him?

A No, I didn't. I was kind of in a bind because, frankly, what went through my mind at the time was here this company is making a presentation. They brought a woman in who's obviously qualified because I had her resume. She was making a professional presentation. I'm not in that business, but I could tell it was a good presentation, and so it's finished.

So I said to myself, you know, I either tell him that yes, we would like to hire them but not with her, in which case I'd be slapped with some kind of a discrimination suit, probably, or something. Or I fire Jake, I say Jake, you've got to go because we're going to hire this company. I didn't think there was any conflict of interest. Jake was not going to be supervising her. Jake was working for me.

Q Jake Jacobowitz was the successor to Mark Richards; is that correct?

A No, no, no. He had nothing to do with Mark Richards.

Q Mark Richards was assigned to LPD while he was an officer --

A Oh, I'm sorry. By "successor" I thought you meant did he take his job. Mark Richards was a detailee, that's correct. Then he retired and we hired him as a contractor. I wanted to keep him on, but he wanted to retire. In fact, I think he had to retire. He was up against the limit. And then I believe that Jake Jacobowitz was the next detailee that they sent over. I did not know him from Adam when he was sent over.

Q Was Mark Richards' job to brief and to background various news media representatives?

A That's correct.

Q Isn't that a job that's usually associated with the press spokesman or the Office of Public Affairs in the Department of State?

A The reason why our office was created is because very high-ranking people, including the President, felt that certain jobs were not being done, including briefing the press properly. Everything that our office did you could isolate.

Q So you undertook a separate briefing of the press operation in your office?

A Yes, but we always coordinated with the Bureau of Public Affairs to make sure that we weren't either duplicating and wasting our time or contradicting them. We worked very closely with them. They just didn't have the capabilities. They don't have the people to do what our office did.

We would provide, for example, Mark Richards would sit with a reporter for four hours explaining a certain aspect of guerrilla war in El Salvador or the capabilities of a MIG-21. For example, why is the United States so upset about the possible introduction of MIGs into Nicaragua? Here's Mark Richards; he'll tell you what is a Hind-24 and why are you guys saying that this changes the balance of power. Mark Richards would sit down for eight hours. Nobody in the Bureau of Public Affairs can do that. They don't have the time. They don't have the skill.

Q Were you aware that rather than hiring Mark Richards as a consultant you hired him in his corporate form?

A Eventually, yes. That's correct. First I believe we hired him as a contractor and then he formed a corporation, once again I believe for tax purposes. And there was a long, drawn-out and completely legal process with the contracting office to see how he could be hired as a corporation. There's nothing wrong with that.

Q I didn't say there was.

A But your tone indicated that there was something wrong.

Q Well, I didn't mean for my tone to indicate that there was anything wrong. We found it strange that we couldn't find Mark Richards. We had a copy of the contract and we never could find him. The State Department we asked on a number of occasions who is Mark Richards and how do we find him, and they didn't know. This was after he had left when we were looking into these various contracts.

And the only way we found him was looking in the State Department telephone directory of a couple years before that and found his name.

A Well, that's very strange.

Q It was confusing.

A He would be very upset to hear that, that we have forgotten him to quickly.

Q I don't know who was asked. I wasn't the one that was doing the asking at that period of time.

Let me ask you -- I'm going to come back to IBC in just a minute, but I'd like to ask you about your switch from AID to LPD. Do you know what the genesis of that was, whose idea it was for you to switch over?

A For me, Otto Reich, or for the office to be created?

Q You, Otto Reich.

A I believe it was a combination of discussions that I had with a number of people, including Dick Stone, Senator Stone, Walt Raymond, Jeanne Kirkpatrick. I'm sure there were other people involved, but I kind of made a pest of myself, saying this government does a lousy job and we deserve all the guff we're getting from the Congress because we are not providing the information. I see it coming across my desk every day. Let's do something about it.

And eventually they said fine. It's like the Army; I was volunteered and I accepted it.

Q But is it your understanding that Walt Raymond was the one at the NSC who pushed the creation of LPD?

A I don't think it's fair to say he pushed it. I believe Judge Clark asked him to do the staff work that helped to create the office, because I remember sitting down with him and talking about what would this office do and how.

Q Did LPD report to the NSC?

A That's correct, yes.

Q And a representative of LPD met with the Security Planning Group on a weekly basis?

A Approximately -- NSPG -- not the NSPG; I'm sorry. Well, really we met with Walt Raymond. I don't know what hat Walt Raymond might have been wearing, whether it was his NSDD-77 hat. I always thought that it was in his NSDD-77 hat. Once a week we would have public diplomacy types from State -- not public diplomacy. Once a week we had a meeting on information. Are we doing enough to get information out?

And it would be held in Walt Raymond's office. There were a lot of other meetings, by the way. There was also a meeting on public affairs, for example,

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separate.

Q Did Ollie North attend those meetings?

A Very infrequently. Yes, he did, but very infrequently.

Q Were you involved in the organization of a dinner which took place on April 15, 1985, for the Nicaraguan Refugee Fund?

A We were asked to provide government support for that -- for example, speakers. I spoke at that dinner and President Reagan spoke. We were the only speakers. I let him go first. I thought it was the least I could do.

The answer to your question is yes, but I'd like to tell you what that means. We didn't know who this group was and, frankly, I wanted to make sure that the government wasn't going to be -- that the government, particularly since the President was going to be involved, that we weren't going to get involved with some group that was shady or that the money was going to be used for the wrong purposes, et cetera.

We did the best we could without crossing the line from government officials telling private people what they can do, and I think our involvement probably helped to improve the thing. But it turned out to have a lot of problems. I was very unhappy with it after it was

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finished.

Q Did you meet with Edie Fraser on occasions related to that dinner?

A I believe I did, yes.

Q What was the purpose of those meetings?

A Oh, somebody brought her to a meeting or something, brought her to my office and said that she had been hired, I guess, by the people putting on the dinner to help them publicize it or whatever it is she does, or organize it.

Q Were you aware of Rich Miller and Frank Gomez' work with the National Endowment for the Preservation of Liberty?

A I became aware of that quite late in my tenure. I believe, in fact, that it was -- I don't remember exactly when, but I do remember receiving a brochure from the National Endowment for the Preservation of Liberty which was sent to me by Miller or Gomez -- I believe Miller, and the reason I say that is that it either had an envelope from him or it had a card from Miller. I associated Miller with the brochure or packet -- packet of information.

Q Were you aware of the briefings that were being arranged at the White House for private citizens by the National Endowment for the Preservation of Liberty?

A Not by the National Endowment. I personally briefed thousands of private citizens at the White House and the Old EOB and all over the country, but to my knowledge I never spoke -- and I say to my knowledge because I don't know frankly who organized each and every one of those briefings -- I never spoke at something sponsored by the National Endowment for the Preservation of Liberty.

Q What about the American Conservative Trust?

A The same answer.

Q Were you aware of the television ads that were run in support of aid to the contras designed to influence the Congress?

A I saw them on television.

Q Were you aware that the SPG or the NSC were involved in the timing of those ads or in working with those groups?

A No. That's news to me -- that the SPG or the NSC was involved in the timing of those ads?

Q Yes. That was my question.

A No. Can I ask you a question? When did those ads run?

Q Well, there were two periods in which the ads ran. One was in the late winter-early spring of 1985 and the other period was late winter to late spring of 1986.

There was another series of ads in the fall of 1985 that were related to SDI that wouldn't have been in your --

A Well, I can certainly answer that. When you say late fall of '85 and early winter, in other words like November-December of '85, is that when they started running?

Q Well, there were some ads that were run in November of '85 related to the summit.

A, I'm talking about the Central America-related ones. When did they start? See, my memory, my recollection, is that I started seeing those ads when I was already Ambassador-designate to Venezuela, and my reaction was good for them, whoever they are. But I didn't look into it. I mean, my concern was Caracas. I don't remember seeing the ads before that.

Q Were you aware of a memorandum of a program or memorandum describing a program that Oliver North compiled showing all the different activities that were going to be undertaken in connection with the vote on Nicaragua -- I mean, a group showing the tasking?

A If you can show me something. I mean, I don't know how many thousands of memorandums I've seen.

Q Do you know a man named Thomas Dowling?

A No, I don't believe so.

Q Were you aware -- you've never heard that name?

A The name kind of rings a bell, but no. I don't ever remember meeting a man by the name of Thomas Dowling. But I may have heard that name.

Q Are you aware of a company called Bragg Communications?

A No, I never heard of it.

Q Do you know why money, payments to IBC from State Department, why some of the money that was paid to IBC went to Bragg Communications?

A I don't know that money that was paid to IBC went to Bragg Communications, much less why.

Q Their bank accounts indicate checks.

A It's the first I ever heard of it.

Q A receipt and balance. The payments I think were in $12,000 increments. The next payment was $6,000 to Bragg Communications.

A But just a second, because IBC had a lot of clients, and it's not right to say that money went from the State Department to IBC then went to Bragg Communications. I have no idea.

Q Well, if their bank account has $1,000 in it and they get a $12,000 deposit from State Department check and there's no other money in the account and the next check is a $6,000 check to Bragg Communications, you could draw the conclusion.

MR. TUOHEY: Your answer is you don't know anything about it?

THE WITNESS: No, I don't. I never heard of Bragg Communications.

BY MR. OLIVER: (Resuming)

Q Were you aware that Rich Miller and Frank Gomez were being instructed by Oliver North to transfer funds to a Cayman Islands bank account?

A No, not until the story broke in the papers.

Q Do you know whether or not Jonathan Miller knew about the establishment of that bank account?

A I have no idea.

Q He never told you about the establishment of that bank account?

A Never.

Q Let me run through, if I may, some things in Oliver North's calendar that refer to you. We've already asked about the lunch. There are several meetings in September of 1984 indicating on Oliver North's calendar-- one on September 14, one on September 17 -- with you, Arturo Cruz, Jr., Jonathan Miller and Oliver North, at 12:00 -- that may have been lunch.

Do you remember those meetings or luncheons?

A I don't remember, but it probably happened. I have no reason to believe it didn't happen.

Q Do you know why you would have two meetings in a three-day period with your Deputy, Arturo Cruz, and Oliver North?

A Why not? Arturo Cruz was full of information.

Q Was that the primary purpose of those meetings?

A Oh, yeah.

Q Was to debrief Arturo Cruz?

A Not only debrief, but I mean debrief sounds like we sat him down -- to discuss what was doing on in Central America. Cruz sometimes had ideas for us about how to deal with the Sandinistas. [redacted]

Q Do you know why Jonathan Miller, Frank Gomez and Rich Miller met with Oliver North in January of 1985?

A No, I do not.

Q Did Jonathan Miller ever tell you about that meeting?

A Oh, he may have.

Q Did he ever tell you about a meeting with Rich Miller, Frank Gomez and Oliver North and himself?

A He may have. I just don't have any recollection.

Q You don't remember or have any recollection about that. There's a reflection on Oliver North's calendar on January 28, 1985, that says 2030, Bob Reily, Jackie Tillman, Menges, Reich, Jonathan Miller, John Norton Moore, re constitutional and legal aspects of U.S. involvement in Central America. Do you remember that meeting?

A Vaguely. I think John Norton Moore came and gave us a briefing on his interpretation of the constitutional debate going on right now, but I mean I'm not a lawyer so I don't remember exactly what he said -- I don't mean right now -- going on at the time. And I think he had written a paper --

I think it might have had to do with the World Court, the ICJ suit. That was a big issue and John Norton Moore wrote articles about the ICJ suit and our

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office was very much involved on the public diplomacy side of that.

Q Do you remember meeting at a townhouse at 517 Third Street, Northeast, that I believe is owned by Dan Kuykendahl where his offices were?

A Yes, I do.

Q What was the purpose of that meeting or series of meetings?

A Well, not series of meetings. I remember going there, I think, only once. This group, Gulf and Caribbean Foundation, I believe Dan Kuykendahl had either purchased that townhouse or rented it or something and invited a bunch of people over to see it, and there ensued a meeting that dealt with legislation, with legislation pending, and I decided that I didn't want to get there and I left.

Q Was Oliver North there?

A I don't remember. I felt uncomfortable. I remember feeling uncomfortable. That was not the first time this happened to me. A number of times when I found myself in meetings where people were discussing things that I didn't think that I should be exposed to -- I mean, they were private citizens. They had ever right to do whatever, but I felt frankly that they should have told me in advance.

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I don't remember the details, but I do remember excusing myself politely and saying I had another meeting.

Q Were you aware that Jonathan Miller or Frank Gomez or Rich Miller attended those meetings frequently to discuss legislation?

A Those meetings?

Q Yes.

A When I say discussing legislation I mean I attended a lot of meetings where legislation was discussed in and out of government.

Q I'm asking about the meetings at Dan Kuykendahl's townhouse.

A No. I may have. Jonathan may have told me. I probably didn't see anything sinister.

MR. TUOHEY: The question was, was Jonathan Miller there.

THE WITNESS: Oh, I don't remember. I don't remember if he was there or not.

BY MR. OLIVER: (Resuming)

Q Were there any discussions at those meetings that related to legislation where the discussion of television ad campaigns were brought up or discussed in any way?

A I don't believe so. I don't recall.

Q There's a notation in Oliver North's calendar of a meeting with Jonathan Miller and someone named Christina.

A Probably Christina Lune, who worked for Ollie for a month or two, and then she was scheduled to come over to the State Department and then she got a job in Paris -- poor kid.

Q What was she doing for Ollie?

A I don't know.

Q Why would she have been meeting with Jonathan Miller and Ollie at the State Department?

A I don't know. If I knew the reason for the thousands of meetings we held -- I mean, there are meetings that I attended that I couldn't tell you today if my life depended on it.

MR. TUOHEY: But your answer is you don't know?

THE WITNESS: No, I don't know.

BY MR. OLIVER: (Resuming)

Q There is a reference in Ollie North's notebook to a call to you on July 27 -- I believe it's 1984 -- regarding filming doing well and the name Archbishop Hannon next to it and the name Dowling under it.

Do you recall what that phone call might have been about?

A Archbishop Hannon, I believe, is the Archbishop of New Orleans, and I vaguely recall some kind of a film they were doing on Nicaragua. And they may have requested some kind of U.S. Government assistance, you know -- information, what's the best way to get there from here and give us background. We would provide background information.

Q Do you remember any filming that Ollie North, or do you know of any filming that was going on that he was involved in?

A No.

Q In his notes there is also your name and next to it it says "Sea transport next week."

A My name and "sea transport" -- sea as in ocean?

Q Yes. Do you have any idea what that would be a reference to?

A No. Maybe he was going to send me off to invade some island or something.

Q There's also a notation on a call from Rob Owen, and then underneath that two ticks with the name John Hull and the name Otto Reich.

A I've never met John Hall. I've heard his name since this has come up in the hearings.

Q But that wasn't discussed with you?

A I'm sorry. John Hall?

Q H-u-l-l.

A No. I know a John Hall -- H-a-l-l.

Q There's also a note that says "call from Otto Reich re: Brooklyn Rivera. [redacted]

[redacted]

Q Within the same parentheses, referring to that conversation, there is the words "Robelo getting $120,000". Do you know what that's about?

A I have no idea.

Q Do you remember any reference to that?

A No.

Q In the conversation?

A No.

Q There is also a call from Mark Richards that refers to taking surreptitious pictures of Hinds and MI-8s. Do you know anything about that?

A A call from Mark Richards to Ollie North?

Q Yes.

A We probably needed some pictures for one of our brochures and it could be that Mark was trying to figure out if Ollie had any pictures or could cause any pictures to be taken of the Soviet Hinds in Nicaragua.

I'm speculating here.

Q There's another note that says "Otto Reich", and I don't know whether this is related to you, but right next to it is "call Lew Tambs", and then meeting with Miller, Miller, Gomez. I assume that's Jonathan and Rich.

A No. I know, of course, where Lew Tambs is.

Q There's another notation on 16 February that says call back to Otto Reich -- NRF moving. Do you know what that would refer to?

A What's the year?

Q That would be 1985.

A NRF was, I believe, the Nicaraguan Refugee Fund. That was that dinner that eventually got organized in April.

Q And you were telling him that it was moving along?

A Yeah. I told you we were involved and it eventually happened April 15 of '85, I guess it was.

Q There is another call in June of 1985 that says "call Otto/Fred Ikle re: weapons." Do you have any recollection of anything --

A No. I never dealt with weapons of any kind.

Q Do you know why your name would be slashed with Fred Ikle's?

A No. I attended lots of meetings where Fred Ikle -- I shouldn't say lots of meetings -- a number of meetings where Ikle was present, but I don't recall any of them having to do with weapons.

Q Did you ever receive a thank you letter from the President in the summer of 1985 for your efforts on behalf of the vote, the Congressional votes?

A I've gotten a number of letters from the President, but I don't recall any one having anything to do with the vote -- one for my AID work, several letters, but nothing, to my knowledge, to do with the vote. They are hanging on my wall in Caracas, if you want me to check.

MR. TUOHEY: Just for the record, is there such a letter, Spencer?

MR. OLIVER: There's a reference to Presidential letters for, and then a string of names, including Otto's and other names of people who were lobbying.

THE WITNESS: Another broken promise. I didn't get it.

BY MR. OLIVER: (Resuming)

Q Were you aware of a meeting in February of 1985 that took place between your deputy, Jonathan Miller, Oliver North, Rob Owen, Rich Miller and Frank

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Gomez?

A In February of '85?

Q Yes, the 27th of February.

A No.

Q Jonathan Miller never told you about it?

A I don't recall. I can't say that he did and I can't say that he didn't. I have no recollection.

Q Let me show you another document which I'd like to have entered as Exhibit 2.

(The document referred to was marked Reich Exhibit Number 2 for identification.)

It is a memorandum from Oliver North to Robert McFarlane, attached to which is a chronological event checklist that includes several references to Mr. Reich. I show you this document and ask you to take a minute to read it and tell me what you know about it.

MR. TUOHEY: 3/20/85 is the date in pen in the upper righthand corner. Is that the date of the memo?

MR. OLIVER: If you turn, you will see.

(Pause.)

BY MR. OLIVER: (Resuming)

Q Could you tell me what the genesis of that document is and what you know about it?

A Well, I'm glad you told me that it was from

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Ollie North because State Department people have a copy of something similar to this and they were telling me that it had come out of my office and I kept insisting that we never wrote such a document. I said this document was not written by us and I'll tell you why, and I pointed to some of the office designations. We would never refer to ourselves as State/LPD because there's no such thing. If you are inside State Department it would be S/LPD or ARA/LPD or whatever.

I said this document was written by someone else who knows what's going on, and frankly in my mind I suspected a number of people, including Ollie. Suspect is a strong word. I thought it would be -- Ollie used to write these things and pass them around and he would put people down. By the way, some of these things are perfectly legitimate.

Send resource book on the Contadora process to Congress. We did that.

Q I'm not saying there's anything --

A But some of the questioning from the State Department people, they didn't seem to understand. They thought that we were taking orders from some unknown person somewhere or giving orders to other people because there are certain things in here. I've not seen this particular one, but there are other similar -- for

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example, Kuykendahl. Kuykendahl is a private citizen. He has no business, in my opinion, being in a chronology of events for the government unless it's an informational, which we did have a lot of informational memos like this letting people know what we are doing.

Here is State Department, Reich, again -- publish and distribute as State Department document Nicaragua's Development as a Marxist-Leninist State. I believe we did that. Reverend Vallardo Santeliz, I don't remember this.

MR. TUOHEY: I don't know if there is a question pending right now.

MR. OLIVER: I was asking him to tell me what he knew about the document and I think that's what he was doing.

THE WITNESS: It looks familiar.

BY MR. OLIVER: (Resuming)

Q Well, had you seen those documents before?

A Oh, yes.

Q While you were at LPD?

A Yeah, sure. [illegible].

Q Would it be fair to say that that was a tasking memorandum of some kind?

A No. We never saw it as a tasking memorandum.

Q But you saw those memorandums?

A We saw it as a chronology of events that were taking place related to what was going on, taking place or being done by a lot of different people inside and outside of government. It was sort of information.

Q Were you aware that Frank Gomez was part of this effort on the lobbying of Congress?

A Lobbying the Congress?

Q I believe that that's related to events which are going to take place prior to the vote in the spring of 1985.

A Okay. I just opened to the page here. Major rally in the Orange Bowl in Miami attended by President Reagan. I don't think that's lobbying of Congress.

Q If you look at the beginning of the memorandum you will see --

A But let me finish.

MR. TUOHEY: The question is very simple. Just answer the question. Were you aware that Miller and Gomez were involved in any lobbying efforts?

THE WITNESS: No.

BY MR. OLIVER: (Resuming)

Q Let me just ask you quickly about a few names and ask if you know them.

Spitz Channell?

A Never met him, to my knowledge.

Q Dan Conrad?

A Not to my knowledge.

Q Cliff Smith?

A Not to my knowledge.

Q Ken Campbell?

A Yes.

Q Was Ken Campbell involved in any of your --

A Not in any of my activities. I dealt with Ken Campbell frequently on the phone.

Q Marty Artiato?

A Never heard of him. I should say not to my knowledge.

Q Bruce Cameron?

A Yes.

Q What was Bruce Cameron's --

MR. SMILJANICH: Off the record.

(A discussion was held off the record.)

BY MR. OLIVER: (Resuming)

Q Let me just ask one more question. Were you aware that Rich Miller was targeting various Congressmen for Spitz Channell's television ad campaigns?

A No.

MR. OLIVER: That's it.

MR. SMILJANICH: Mr, Ambassador, thank you very much for making yourself available.

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(Whereupon, at 1:12 p.m., the taking of the instant deposition ceased.)

____

Signature of the Witness

Subscribed and sworn to before me this _________ day of

________________________, 1987.

____

Notary Public

My Commission Expires: ______________________________

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CERTIFICATE OF REPORTER

I, MICHAL ANN SCHAFER, the officer before whom the foregoing deposition was taken, to hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken by me to the best of my ability and thereafter reduced to typewriting under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken, and further that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

Michal Ann Schafer

Notary Public

in and for the District of Columbia

My Commission Expires: February 28, 1990

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NO DATE

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MEMORANDUM

NATIONAL SECURITY COUNCIL

Name	Representing ~~Agency~~	Phone #
Oliver North	NBC	[redacted]
Nestor Sanchez	DOD	[redacted]
Frank Gómez	I.B.C.	[redacted]
Rich Miller	I.B.C.	[redacted]
Otto Reich	State	[redacted]
Walt Raymond	NSC	[redacted]
Johnathan Miller	State	[redacted]
Jeff Bell	C.f.A	[redacted]
Jack Abram M	CFA	[redacted]

PRIVACY

Reich
Exhibit #1
7/15/87 mao

Partially Declassified/Released on 10 Feb 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

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20MAR85 until 3/20/85

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ROUTING

To	Name and Address	Date	Initials
1	Robert McFarlane		
2			
3			
4			
5			
6			

X	ACTION		FILE
	APPROVAL		INFORMATION
	COMMENT		PREPARE REPLY
	CONCURRENCE		RECOMMENDATION
	DIRECT REPLY		RETURN
	DISPATCH		SIGNATURE

REMARKS:

cc: Oliver North (#2 and 3)
Jim Radzimski (#4)

NSC/ICS CONTROL NO. 400300

COPY NO. 2 OF 4

HANDLE VIA SYSTEM IV CHANNEL ONLY

REICH
EXHIBIT #2

NSC INTELLIGENCE DOCUMENT

Partially Declassified/Released on 22 June 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

Warning Notice
Intelligence Sources and Methods Involved

NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

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OLNOFF BOX 21-70
3/31/87

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MEMORANDUM

SYSTEM IV
NSC/ICS-400300

NATIONAL SECURITY COUNCIL

N 40301

March 20, 1985

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ACTION

MEMORANDUM FOR ROBERT C. MCFARLANE

FROM: OLIVER L. NORTH

SUBJECT: Timing and the Nicaraguan Resistance Vote

Attached at Tab A is the most recent version of the chronology of events aimed at securing Congressional approval for renewed support to the Nicaraguan Resistance Forces. This schedule results from the four communications/media meetings we have now had with Pat Buchanan's ad hoc working group. Please note that the schedule continues to focus on a vote at the end of April triggered by submission of the required report on or about April 15.

In addition to the events depicted on the internal chronology at Tab A, other activities in the region continue as planned--including military operations and political action. Like the chronology, these events are also timed to influence the vote:

-- planned travel by Calero, Cruz, and Robelo;

-- various military resupply efforts timed to support significantly increased military operations immediately after the vote (we expect major Sandinista crossborder attacks in this timeframe--today's resupply to [redacted] [redacted] from [redacted] went well); and

-- special operations attacks against highly visible military targets in Nicaragua.

Some of these efforts will proceed whether or not the vote occurs as planned at the end of April. For example, today Bernardario Larios, former Sandinista Defense Minister, defected to Costa Rica and is now in Panama (you were briefed on this operation during the trip). Others, however, including actions by U.S., interests groups are very sensitive to the timing. Next week the networks auction their air time for 15, 30, and 60 second commercials during prime viewing hours. These groups are prepared to commit nearly $2M for commercial air time and the

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production of various advertising media. If we are to retain their support, we must let them know by Friday whether or not they should proceed. To the maximum extent we have tried to prevent the kinds of errors that will cost them financially or politically. Unfortunately, some, like the Young Republicans ad, get through--this has been fixed.

It is important that a decision be taken no later than noon, Friday, March 22, if we are to proceed with the events in the checklist (Tab A) and those activities which support a vote at the end of April.

Senator Durenburger plans to make a major speech on this issue at the National Press Club next Tuesday, March 26. We should at least give him a sense of what to expect before he speaks.

You should also be aware that Director Casey has sent a personal note to Don Regan on the timing matter. We are attempting to obtain a copy for your use.

Worthlind has apparently completed an analysis on some recent polling data. It reportedly does not look good for a vote at this time.

Finally, Jim Michel reminds that in your meetings with the Central American Heads of State you told them that we would be quiescent during the early Spring, but that in April we would act. This description fits either scenario--going for the vote or a fallback option with sanctions. One way or the other, we need to have a decision.

RECOMMENDATION

That you discuss this matter with Don Regan and urge that a decision be made on timing by noon on Friday, March 22.

Approve _____ Disapprove _____

Attachments
Tab A - Chronological Event Checklist (dtd March 20, 1985)
Tab B - Young Republicans Ad

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CHRONOLOGICAL EVENT CHECKLIST

February 21-28, 1985 (completed)

Event	Responsibility
Send resource book on the Contadora process process to congressmen, media outlets, private organizations and individuals interested in Nicaragua.	State/LPD (Miller)
FDN to select articulate freedom fighters with proven combat records and to make them available for contact with U.S. media representatives.	NSC (North)
Assign U.S. intelligence agencies to research, report, and clear for public release Sandinista military actions violating Geneva Convention/civilized standards of warfare.	NSC (North) (Raymond)
Prepare themes for approaches to Congressmen based on overall listed perceptions which will directly attack the objections listed above.	NSC (North)
Encourage U.S. media reporters to meet individual FDN fighters with proven combat records and media appeal.	NSC (North) State/LPD (Gomez)
Contact internal eyewitnesses/victims to testify before Congress about their abortive attempts to deal with the FSLN (deadline March 15).	NSC (North)

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March 1-8, 1985

Event	Responsibility
Prepare list of publicly and privately expressed Congressional objections to aiding resistance and voting record on the issue.	WH/LA State/H
Provide State/H with a list of Nicaraguan emigres and freedom fighters to serve as potential witnesses to testify before hearings on aid to Nicaraguan freedom fighters (due March 15).	NSC (North) State/ARA (Michel) State/LPD (Reich)
Nicaraguan internal opposition and resistance announce unity on goals and principals (March 2, San Jose) (completed).	State/LPD (Miller) NSC (North)
Request that Zbigniew Brzezinski write a geopolitical paper which points out geopoliticalconsequences of Communist domination of Nicaragua (paper due March 20).	NSC (Menges)
Briefings on Nicaragua for key Congressional members and staffers. North on NU aggression and external involvement, Burghardt on diplomatic situation.	NSC (North) (Burghardt)
Supervise preparation and assignment of articles directed to special interest groups at rate of one per week beginning March 18 (examples: article on Nicaraguan educational system for NEA, article by retired military for Retired Officers Association, etc.).	State/LPD
Assign agencies to draft one op-ed piece per week for signature by Administration officials. Specify themes for the op-eds and retain final editorial rights.	NSC (Menges)
Conduct public opinion poll of America attitudes toward Sandinistas, freedom fighters.	WH (Rollins)
National Press Club news conference for FDN commanders Bermudez, Tigrillo, Mike Lima (March 5) (follow-on Congressional visits (March 6) (completed).	State/LPD (Gomez) (Kuykendall)
Martha Lida Murillo (9 yr old atrocity victim) visit to Washington--media interviews, Congressional visits, possible photo-op with First Lady (March 6-8) (completed).	State/LPD (Gomez) (Kuykendall) (WH/OPL)

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March 9-15, 1985

Event	Responsibility
WH/Legislative Affairs, State/H and ARA complete list of key Congressmen interested in Nicaragua.	State/H(Ball/Fox) WH/LA State/ARA (Michel/Holwill)
Intelligence briefing for White House Administration and senior staff by CIA (Vickers, Room 208, OEOB, 30 minutes).	NSC (North)
Brief Presidential meeting with Lew Lehrman and other leaders of the influence groups working on MX and resistance funding.	NSC (Raymond) (North)
State/LPD and WH Media Relations prepare a list of key mediaoutlets interested in Central American issues, including newspapers, radio, and TV stations (including SIN). Where possible identify specific editors, commentators, talk shows, and columnists.	NSC (North) State/LPD (Miller)
NSC update talking points on aid to Nicaraguan freedom fighters.	NSC (North)
Briefings in OEOB for members/Senators: Shultz, McFarlane, Gorman, and Shlaudeman to brief Lehman (requires General Gorman to be placed on contract).	NSC (North) (Lehman)
Call/visit newspaper editorial boards and give them background on the Nicaraguan freedom fighters.	State/LPD(Reich) WH/PA NSC (North)
Brief OAS members in Washington and abroad on second term goals in Central America. Explore possible OAS action against Nicaragua.	OAS(Middendorf) NSC (Menges) State/LPD(Reich)
VP at Brazilian inauguration. Discuss possible OAS initiative on Nicaragua with Core Four, Colombia, Brazil, and Uruguay (March 15 and 16).	VP (Hughes)
Prepare a "Dear Colleagues" ltr for signature by a responsible Democrat which counsels against "negotiating" with the FSLN.	NSC (Lehman)

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March 16-22, 1985

Event	Responsibility
Results due on public opinion survey to see what turns Americans against Sandinistas (March 20).	NSC (Hinckley)
Joachim Maitre--Congressional meetings, speeches, and op-ed pieces.	State/LPD (Kuykendall)
Review and restate themes based on results of public opinion poll.	State/LPD (Reich) NSC (North) (Raymond)
Presidential drop-by at briefing for American evangelicals on MX and Nicaraguan resistance.	WH/OPL (Reilly) NSC (North)
Congressional hearings (Foreign Relations/ Affairs) and testimony by Nicaraguan emigres and atrocity victims.	WH/LA NSC (North) (Lehman)
Prepare document on Nicaraguan narcotics involvement.	Justice (Mullen)
SSCI CODEL Boren, Rockefeller, McConnell, and Wilson [redacted] for meetings with resistance (March 15-19).	NSC (North) (Lehman)
VP in Honduras; meeting with Pres Suazo (March 16).	VP (Hughes)
Argentine state visit; President emphasize need for OAS case (March 19).	WH (Elliott)
Pastora and Calero meeting with Congressional Hispanic Caucus (Jorge Mas) (March 20).	
Production and distribution of La Prensa chronology of FSLN harassment.	State/LPD (Reich)

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March 23-31, 1985

Event	Responsibility
Rev. Vallardo Antonio Santeliz (Pentecostal Minister atrocity victim)--Congressional/media meetings (March 22-23).	State/LPD (Kuykendall) (Gomez)
McFarlane, Friedersdorf meeting with key Congressional leadership (Rm 208 or WHSR) to brief situation and proposed course of action (March 23-25).	WH/LA NSC (Lehman) (North)
Presidential breakfasts, lunches, and WHSR meetings with key Congressional leaders (March 24 through vote).	
Pedro Juaquin Chamorro (Editor La Prensa) U.S. media/speaking tour (March 25-April 3)	State/LPD (Miller/Gomez)
President to meet in Room 450 w/"Spirit of Freedom," concerned citizens for Democracy. Representatives from 8 countries (180) (March 25).	✓
Release of DOD/State paper on Soviet/Cuban/Nicaraguan intentions in the Caribbean; possible WH backgrounder.	State/LPD (Reich) ✓ WH/PA (Sims)
Distribute Bernard Nietschmann paper on suppression of Indians by FSLN.	State/LPD
Antonio Farach (Former FSLN Intelligence Officer)--media and Congressional meetings regarding Sandinista espionage, intelligence activities.	Republican Study Committee
Invite President's Duarte, Monge, Suazo, and Barletta to a very private meeting in Texas with key Congressional leaders so that CODEL can hear unvarnished concerns re Sandinistas and Democratic leaders' support for the FDN.	(Kuykendall) NSC (North)
Release paper on Nicaraguan media manipulation.	State/LPD
Publish and distribute as State Department document Nicaragua's Development as Marxist-Leninist State by Linn Poulsen.	State/LPD (Reich)
Declassify Nicaragua's Development as a Marxist-Leninist State by Linn Jacobowitz Poulsen for publication as State Department document (clearance request w/Casey).	State/LPD (Blacken)

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April 1-7, 1985

Event	Responsibility
Request Bernard Nietschmann to update prior paper on suppression of Indians by FSLN (to be published and distributed by April 1).	State/LPD (Blacken)
AEI: Sponsor media events w/print and television media for Central America resistance leaders (April 1-7).	State/LPD (Reich) WH/OPL (Reilly)
European Parlimentary delegation to meet with President Reagan (April 2).	National Forum Foundation WH/OPL (Reilly)
Visit by Colombian President Betancur (April 3-4); possible Joint Session speech by Betancur.	
Proposed Presidential television address on Nicaragua (April 4).	WHSpeechwriters (Elliott) NSC (North)
Second round of SFRC hearings on Soviet build-up in region (Helms) (prior to recess).	State/H
CODEL visits during recess (April 4-14). Nicaraguan refugee camps in Honduras and Costa Rica (include visit to freedom fighter base camp and hospital [redacted]	NSC (North) (Lehman)
CODEL visit during recess (April 4-14) with regional leaders of Central America. Regional leaders convey importance of resistance fighters in NU.	NSC (North) (Lehman)
Administration and prominent non-USG spokesman on network shows regarding Soviet, Cuban, East German, and Libyan, Iranian connection with Sandinistas.	WH/PA (Sims) WH (Buchanan) State/LPD
Publish updated "Green Book;" distribute personally to Congressmen, media outlets, private organizations, and individuals interested in Nicaragua. Pass to Lew Lehrman and other interested groups.	State/LPD (Reich) WH/LA State/H (Fox)
Distribute paper on geopolitical consequences of Communist domination of Nicaragua.	State/LPD
Release paper on Nicaraguan drug involvement.	State/LPD (Blacken) NSC (North)

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N 40309

April 8-14, 1985 (During recess)

Event	Responsibility
25 Central American spokesmen arrive in Miami for briefing before departing to visit Congressional districts. Along with national television commercial campaign in 45 media markets.	CFA (Abramoff)
Targeted telephone campaign begins in 120 Congressional districts. CITIZENS FOR AMERICA district activists organize phone-tree to targeted Congressional offices encouraging them to vote for aid to the freedom fighters in Nicaragua.	CFA (Abramoff)
Lew Lehrman speaking tour of major U.S. cities.	CFA
Telephone campaign.	
Central American spokesmen conduct rallies throughout the country in conjunction with CITIZENS FOR AMERICA activists (starting April 12).	CFA
Nationally coordinated sermons about aid to the freedom fighters are conducted (April 14).	
Naval Institute Seminar in Newport, RI (Lugar, McFarlane [April 12]).	

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April 15-21, 1985

Event	Responsibility
Nicaraguan Refugee Fund (NRF) dinner, Washington, DC; President as Guest of Honor (April 15).	State/LPD (Miller) NSC (Raymond)
Presidential report to Congress on reasons for releasing funds to freedom fighters (April 15).	NSC State
AAA available to Washington press.	State/LPD (Gomez)
Central American spokesmen visit Congressional offices on Capitol Hill (April 16).	Abramoff
SFRC Nicaraguan issues, open hearing (April 16-17).	
Washington conference "Central America: Resistance or Surrender" (Presidential drop-by?) (April 17).	NSC Abramoff
Barnes' subcommittee hearing on Nicaragua; Motley, public witnesses (April 18) (2170 Rayburn, 2:00 p.m.).	
Presidential Radio Address (April 20).	WH (Elliott)

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April 22-29, 1985

Event	Responsibility
House Appropriations (Obey subcommittee) intelligence brief on Central America/ Latin America (April 23).	
Obey subcommittee (panel on Central America), public witnesses (a.m.)/Administration witnesses (p.m.) (April 24).	
Major rally in the Orange Bowl in Miami, Florida, attended by President Reagan and important Administration figures (April 28).	Cuban American National Foundation State/LPD (Reich)
Presidential calls to key members.	WH (Friedersdorf) NSC (Lehman)

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April 30, 1985

Event	Responsibility
Vote in the U.S. Congress on aid to the Nicaraguan freedom fighters (April 30).	WH(Friedersdorf) NSC (Lehman)
President leaves for Europe.	

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March 20, 1985
N 40313

PUBLIC DIPLOMACY PRESIDENTIAL EVENTS REGARDING NICARAGUAN RESISTANCE

Event	Responsibility
March 16-22, 1985	
Argentine state visit; President emphasize need for OAS case (March 19).	WH (Elliott)
March 23-31, 1985	
Presidential breakfasts, lunches, and WHSR meetings with key Congressional leaders (March 24 through vote).	
President to meet in Room 450 w/"Spirit of Freedom," concerned citizens for Democracy. Representatives from 8 countries (180) (March 25).	
April 1-7, 1985	
Visit by various members of European parliments who support the President's policies in Central America (April 2).	NSC (Raymond) WH/OPL (Reilly)
Visit by Colombian President Betancur (April 3-4); possible Joint Session speech.	
Presidential television address on budget (April 4).	WHSpeechwriters (Elliott)
Presidential meeting with AAA.	NSC (North)
April 15-21, 1985	
Conference on religious freedom; Presidential drop-by in Rm 450, OEOB.	NSC (Raymond)
Nicaraguan Refugee Fund (NRF) dinner, Washington, DC; President as Guest of Honor (April 15).	State/LPD (Miller) NSC (Raymond)
Presidential report to Congress on reasons for releasing funds to freedom fighters (April 15).	NSC State
Possible Presidential meeting with AAA.	NSC (North)
Possible Presidential visit with former Central American Presidents, Foreign Ministers, and Presidential candidates.	NSC (North) S/LPD (Reich)
Presidential Radio Address (April 20).	WH (Elliott)

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Event	Responsibility
April 22-29, 1985	
Proposed visit to Washington by Presidents Monge, Duarte, and Suazo.	NSC (North) S/ARA (Michel)
Presidential calls to key members.	WH (Friedersdorf) NSC (Lehman)
Major rally in the Orange Bowl in Miami, Florida, attended by President Reagan and important Administration figures (April 28).	Cuban American National Foundation
April 30, 1985	
Proposed Congressional vote; President leaves for Europe.	

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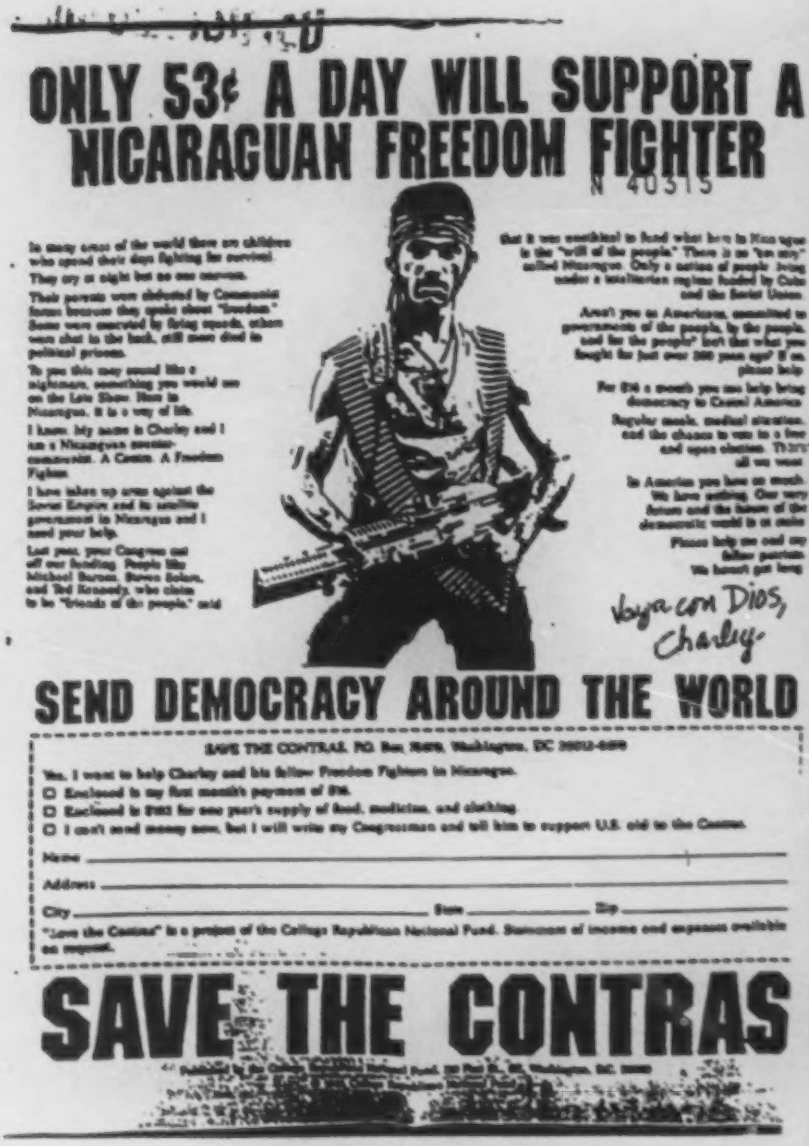

ONLY 53¢ A DAY WILL SUPPORT A NICARAGUAN FREEDOM FIGHTER

N 40315

In many areas of the world there are children who spend their days fighting for survival.

They cry at night but no one answers.

Their parents were abducted by Communist forces because they spoke about "freedom." Some were executed by firing squads, others were shot in the back, still more died in political prisons.

To you this may sound like a nightmare, something you would see on the Late Show. Here in Nicaragua, it is a way of life.

I know. My name is Charley and I am a Nicaraguan anti-communist. A Contra. A Freedom Fighter.

I have taken up arms against the Soviet Empire and its satellite government in Nicaragua and I need your help.

Last year, your Congress cut off our funding. People like Michael Barnes, Steven Solarz, and Ted Kennedy, who claim to be "friends of the people," said that it was unethical to fund what here in Nicaragua is the "will of the people." There is no "[illegible]" called Nicaragua. Only a nation of people living under a totalitarian regime funded by Cuba and the Soviet Union.

Aren't you as Americans, committed to governments of the people, by the people, and for the people? Isn't that what you fought for just over 200 years ago? If so, please help.

For $16 a month you can help bring democracy to Central America.

Regular meals, medical attention, and the chance to vote in a free and open election. That's all we want.

In America you have so much. We have nothing. Our very future and the future of the democratic world is at stake.

Please help me and my fellow patriots. We haven't got long.

Vaya con Dios,
Charley

SEND DEMOCRACY AROUND THE WORLD

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HSITS-75/87

DEPOSITION OF OLIVER REVELL

Thursday, June 11, 1987

U.S. House of Representatives,
Select Committee to Investigate Covert
Arms Transations with Iran,
Washington, D.C.

The Committee met, pursuant to call, at 9:45 a.m., in room 2247, Rayburn House Office Building, with Pamela J. Naughton (Staff Counsel, House Select Committee) presiding.

Present: Pamela J. Naughton, Staff Counsel, W. Thomas McGough, Jr., Associate Counsel, Senate Select Committee; Robert Genzman, Associate Minority Counsel, House Select Committee.

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Whereupon,

OLIVER REVELL,

was called for as a witness, and, having been duly sworn, was examined and testified as follows:

MS. NAUGHTON: For the record, my name is Pamela Naughton. I am Staff Counsel to the House Select Committee to Investigate Covert Arms Transactions With Iran. If the people would introduce themselves.

MR. GENZMAN: Robert W. Genzman, Associate Minority Counsel for the House Committee.

MR. MCGOUGH: W. Thomas McGough, Jr., Associate Counsel to the Senate Select Committee.

THE WITNESS: Oliver B. Revell, Executive Assistant Director, Federal Bureau of Investigation.

BY MS. NAUGHTON:

Q It is my understanding that you appear today without counsel, is that correct?

A That is correct.

Q Is that your wish, to proceed today without counsel?

A Yes, it is.

Q Could you please state for us your employment history?

I guess educational background and employment history.

A I have a bachelors degree in political science, and economics from East Tennessee State University, a masters

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degree in public administration from Temple University, Philadelphia.

I was a Marine officer for five years, left active duty in '64 as a Captain, and joined the FBI as a Special Agent in November '64. For the past 22 years, I have been an FBI agent.~~and an officially,~~ Assistant Director since June of '80 and then Executive Assistant Director since June 1985.

Q Could you explain to us, first of all, what the duties of the Assistant Director were? That is, your position from '80 to '85?

A I had two positions. The first position was Assistant Director in charge of Criminal Investigations. The title is self-explanatory. I was in charge of all Bureau criminal investigations.

Then in January of '81 I was assigned to the position of Assistant Director in Charge of Administration, where I was in charge of personnel, budget, finance and the various administrative matters under the auspices of the FBI.

Again, in May of '82, I was assigned as the Assistant Director in charge of Criminal Investigations. I stayed in that position until June of '85, when I was promoted to Executive Assistant Director in charge of Investigative

[illegible]

and ~~Intelligence~~ Operations.

The Assistant Director in charge of Criminal Investigations is responsible for the terrorism program as well as all criminal matters, and ~~all~~ most background investigative matters handled [illegible].

Q So, basically, your responsibilities shifted in June of '85 from being responsible for criminal investigations to including criminal intelligence and background?

[illegible]

A Well, background was included under criminal, but it also include~~d~~s all foreign Counter intelligence operation~~s~~. All investigative and intelligence activities fall under my ~~specification~~ supervision.

Q To whom did you report?

A The Director.

Q Was Mr. Floyd ~~Clark~~ Clarke -- did he serve under you?

A Yes, and Still does.

Q What was his position during the period of '85 through '86?

A In '85 when I became Executive Assistant Director, he became the Assistant Director in charge of the Criminal Investigative Division. Previously, he had been one of my deputies in the division.

Q And a Mr. Jim Wallace, can you tell us what his position is?

A Jim Wallace?

Q Yes.

A We had an agent in the Criminal Investigative Division, a supervisor named Jim Wallace. That is the only one I am aware of. He was in the Terrorism Section.

That is -- his duties were, I think pertaining to the Middle East and he was in the Terrorism Section, but I can't give you any further --

Q Was he at headquarters with WFO?

A The one I am thinking of was in headquarters in the Terrorism Section. I believe he still is.

Q What about Wayne Gilbert?

A Wayne Gilbert was the other Deputy Assistant Director in CID. He was responsible for general criminal and terrorism matters. Floyd ~~Clark~~ Clarke was responsible for organized crime and white collar crime matters. Mr. Clarke had no responsibility for terrorism until he became the Assistant Director. Mr. Gilbert had that responsibility.

Q I guess, let's take it from the fall of '84. Did you become involved in any operations or any intelligence gathering regarding the hostages held in Lebanon?

A No, not directly. At the time, until I moved into the Executive Assistant Director position, I was not on the terrorism working group. John Otto was. And Wayne Gilbert represented the Bureau on the other primary body, which was the IGT -- the Inter-Departmental Group on Terrorism. I certainly would have reviewed and approved specific case activities of a level that would have required my approval, but I was not directly involved in any hostage type situations

Q Could you tell us about the IDGT -- I think you said?

A IGT.

Q We know about the T.

A The IGT is chaired by the State Department -- at the time, by Ambassador Bremer. It is the interagency group that deals in planning and policy formulation for the interagency coordination of terrorist activities or terrorist related programs and activities.

Q Has Wayne Gilbert been the representative to that body since late '84?

A He was a representative until he left headquarters and went to Pittsburgh, where he is now the Agent in Charge. He was replaced by Mr. Bob Ricks, who assumed that position. I think it has been about a year.

Q In your capacity, and this is till the late fall of '84 or very early '85, were you aware of any specific intelligence or operations to extricate either William Buckley or Peter Kilburn?

A Kilburn, yes.

Q Can you tell us about that?

A Buckley, no, nothing other than the general attempt on the part of the government to obtain information about him and his specific operations or activities.

Mr. Kilburn was kidnapped in November '84 in Beirut and in June of '85 the FBI received information that two [redacted] citizens had contact with individuals in Lebanon that alleged that they were in contact with the kidnappers. At this point --

Q So we are talking about the same thing, are these people of Armenian extraction?

A Yes, two [redacted] citizens of Armenian extraction. June of '85 I left the position of Assistant Director and became Executive Assistant Director, so direct supervision of the case stayed in the division, but in August of '85 a joint FBI/State Department initiative was taken concerning the two [redacted] actually one of the [redacted] and his attorney, and then in September of '85 we enlisted the assistance of the [redacted] because, as I said, we identified two [redacted] involved.

Then in October of '85, there was a joint undercover operation -- FBI-CIA, and [redacted] approved by Director Webster.

Q When was that?

A October 4, 1985. And that investigation and process continued, up until Mr. Kilburn was killed in April of '86, with the involvement of FBI, CIA, State Department, NSC, [redacted]

Q Can you describe -- we won't ask you to reveal sources, but can you describe in a general way what this operation consisted of? I am particularly interested in the joint undercover operating starting in October of '85.

[redacted]

Q Did you come to learn that the captors were Iran political groups, a criminal group?

A We were not certain, but it appeared to us that it was a different group than the Hizballah and it appeared to be a group that was under some control of the Syrians, and that probably he was kidnapped for strictly monetary purposes, but was being used for political purposes.

As it came down, when he was killed, he was sold

-- our intelligence is he was literally sold to a faction that supported Libya and executed as a result of the U.S. action in Libya. So it was fairly clear to us that we were dealing with a different group, although they claimed that they would be able to obtain information on the other hostages. We never saw any evidence of that, as we had with the Kilburn situation.

Q What was the general plan had it worked, to extricate Mr. Kilburn?

A I am concerned about discussing that on the record, because we still have hostages and we still have operations. I would be glad to tell you about it -- is this going to be classified?

Q Yes, it can be.

Off the record.

(Discussion off the record)

MS. NAUGHTON: Back on the record.

BY MS. NAUGHTON:

[redacted]

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Colonel North was much more enthusiastic. He ~~[illegible]~~ advised [redacted] ~~the~~ other private funds ~~that~~ would be available, ~~that~~ there were certain American patriots that had offered to make funds available to facilitate the release of hostages, and that those funds, some of those funds could be used in this type of activity.

I Expresssed my disapproval of that, and told him I would discuss it with Judge Webster. I did --

Q Let's slow down for a minute. Was this at a TIWG meeting, or at a special meetings called to discuss this operation?

A This was at an OSG meeting.

Q Operations Sub-Group?

A Of the TIWG.

Q And who was present?

A I don't know, but I can tell you who was normally present: Richard Armitage, Assistant Secretary of Defense; Charlie Allen and Dewey Clarridge from the CIA; Bob Oakley from the State Department; and General Moellering, the Assistant to the Chairman of the Joint Chiefs and myself from Justice, FBI.

Q Was Abe Sofaer there?

A No, he was not a member of the OSG. There were occasions when he came to meetings, particularly in dealing with legal issues, but the State Department was involved in this through Bob Oakley and I am sure he probably consulted with Abe Sofaer on occasion. I have no recollection that he was at a meeting in which this particular situation was discussed.

Q I have a calendar entry here for January 14th, 1986 at which you met with Mr. North, Oakley, Moellering, Noel Koch ~~[illegible]~~, [redacted], Mr. Allen. Would this have been a meeting that this plan was discussed?

A I don't think so. I think that was another situation.

Q Was this meeting at the Old Executive Office Building?

A Yes. Almost all our meetings were in room 302 after the reorganization of NSC staff as recommended by ~~to~~ the Vice President's Task Force, that space was set aside for North, Earl and Coy and their staff.

Q You said that you, on behalf of the FBI, expressed opposition to using private monies. Can you tell us your reasons for that?

A I don't believe that the government has any business bringing in private citizens to fund operations that ~~were~~ are proper and necessary for the conduct of government business.

Now, ~~those on~~ domestically, if the victims -- if the family of a victim or the employer of a victim chooses to pay ransom, we step aside and permit it. I ~~don't~~ agree with it, Judge Webster didn't agree with it, but it was going to take place outside the U.S. ~~and~~ under the auspices of a private donor and be facilitated [redacted]. So, after expressing our disapproval, we did not try to stop it other than stating that we thought it was a bad -- it was unnecessary and essentially improper.

Q What was the position of General Moellering?

A He really had not -- what was his position?

Q Yes.

A He was Assistant to the Chairman of the Joint Chiefs.

Q What was his position on this issue?

A He didn't take a position. It was his responsibility to provide whatever support the operation would need and I don't think he made any comment on the advisability or inadvisability of using private funds.

Q What about Ambassador Oakley or his representatives

A Bob was usually there himself unless he was out of the country. I don't recall -- this again didn't involve State directly. It is my impression that he also thought it was a bad idea, but I can't state that for certain.

Q Who was the CIA representative?

A Dewey Clarridge primarily. He is the operations person there. ~~and~~ Charlie Allen would ~~be~~ represent the intelligence side of the house, and from time to time it would be one of the deputies. So, I am not certain whether it would be Dewey or a deputy at that point.

Q Do you recall what the CIA position was with regard to the private money?

A I think they were in favor of it [redacted]

Q Do you know whether or not you or the CIA sought a legal opinion on the use of private monies?

A I don't know if we sought a formal legal opinion. It was certainly discussed within both Justice and the FBI. I confirmed with Director Webster that he thought it was a matter of policy, not law. ~~But that~~ He totally agreed that it was improper and that he didn't want the FBI to have any part of that.

The records may show that there was a formal opinion sought, but I don't recall off hand.

Q Do you recall whether or not the Attorney General was briefed on this point?

A I don't know. I didn't do it.

Q Did Director Webster ever tell you that he had done it?

A I don't believe so. He would have been -- we had an absolute plan that before any operations went forward this would go through the ~~CSPG~~ NSPG to the President in a finding and it would be presented to the Congress. That was the intention from the outset, before we did anything operational, that there would be a full covert operation approval sought under existing procedures. So that, of course, would involve the Attorney General.

Q But I take it that no one considered the fact of taking private monies [redacted] and paying a source was any sort of covert activity that needed a finding, is that correct?

A I don't know what the CIA's deliberations were, but no, we did not raise that issue as requiring a finding. At least I ~~dodn't~~ didn't raise it, and I don't believe anybody at any other level did.

[redacted]

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PAGES 16, 17 and 18

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[redacted]

BY MR. GENZMAN:

Q Were you privy to conversations with North on this issue?

A I had conversations with North at the OSG meetings when we would be discussing a number of items and would discuss the status of this case.

Q When he brought up the $100,000 to be contributed by someone whom you later determined was Ross Perot?

A Yes.

Q Did he mention availability of additional funds?

A Yes. He said there were patriotic Americans who were willing to contribute a sizable sum of money to obtain release of the hostages.

We had general discussions about this -- I can't see the difference between the U.S. policy of no concessions and no ransom to terrorists, whether it was done by the government or facilitated by the government. He had in his mind that there was a difference. So we had a disagreement as to whether that was in fact in violation of U.S. policy. It was my view that it was, and Judge Webster's view that it was, and therefore, we would not associate ourselves with it.

[redacted]

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[redacted]

BY MS. NAUGHTON:

Q The reason -- and correct me if I am wrong --.the reason the FBI was involved in this at all is because there may be a criminal violation if you get the captors or if you decide you are being ripped off by the middleman and decide to prosecute, is that right?

A We first became involved because the contact was made in Philadelphia, so it was in the United States. Hostage taking is a violation of U.S. law which is within the purview of the FBI irrespective of where it occurs.

Q Hostage taking of a U.S. citizen?

A Anywhere in the world, It is extraterritorial. So we had a jurisdictional connection and the first contact was made in the U.S.

Actually, the State Department ~~has~~ had similar contacts at about the same time, so we proceeded jointly with State

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Diplomatic Security Service for a short time. We brought in the agency when we found out that a great deal of the activity was occurring overseas, first to determine the bona fides of the people we were dealing with, [redacted]

Q Leaving that subject now, were you aware of any similar efforts on the part of Drug Enforcement Administration to locate the hostages?

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A We had discussed from time to time that [redacted] the DEA had some assets in Lebanon, [redacted] That is all I knew.

Q Can we hold off for a minute -- when you say we had discussed this within the Bureau, or at a TIWG meeting?

A At OSG meetings.

Q How did this first come up?

A In discussions on [redacted] the hostages. The OSG met weekly from when it was formed in February of 1986.

Q So you began going when it was formed?

A Right. I was a member of TIWG before but OSG came about as a result of a recommendation of the Task Force on Terrorism.

Q So you do not recall discussing the possibility of using DEA prior to February of '86?

A We never discussed the possibility of using DEA. We discussed the fact that DEA had in place assets [redacted]

Q So DEA could theoretically be used to [redacted]

A Right. I never knew that any DEA agents were assigned to NSC staff or to North. The first time I heard that was when Charlie Allen told me he had been asked that question by this committee.

Q Have you since read about it in the newspaper mdeia?

A Yes, and discussed it with Director Webster. Would you like to see exactly what happened?

Q Of course.

A I did not classify this and there is no reason to, but this is it, including my little cryptic note that I took on the plane. I was enroute to Brussels with the Attorney General and Charlie Allen when he raised the question. This is a note I made to my self and this is my discussions with Judge Webster.

Could I take a short break?

(A short recess was taken)

BY MS. NAUGHTON:

Q Let's take it step by step then. You said that in February of '86 when the Operation Sub-Group was formed, there was discussion about utilizing in some way DEA assets in Lebanon?

A I don't recall the specific dates because it was never an agenda item, it would simply come up in our discussion [redacted]

So at some point there was discussion of the possibility of ~~using~~ the -- [redacted]

[redacted]

Q Do you recall who brought this subject up at the meetings? In other words, was Charlie Allen a proponent of this, was Oliver North a proponent of this?

A I think we all were. I may have raised it, Charlie may have raised it. In view of the fact that I had the closest relationship with the DEA, it may well have been that I raised this as an asset that we ought to look at. Not as a proposition, simply as a matter of discussion.

I don't recall who specifically raised it, but there was a consensus of those involved that any assets the U.S. had under any auspices ought to in some way be tasked to come up with information on the hostages.

Q Did Oliver North tell you at this point in February '86 or at a later point, that DEA agents were involved operationally?

A He did not.

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BY MR. GENZMAN:

Q Did he at any time?

A No, he never told me that. I never knew that until

Charlie Allen raised it with me. And neither did Director Webster. When I asked him, he did not know it as well.

BY MS. NAUGHTON:

Q When did you ask Director Webster about it?

A When I came back from Brussels. April 1987.

Q So you never discussed DEA involvement with the Director until April of '87?

A We had discussed the potential of using DEA assets and this is a matter of information, and he agreed that whatever assets were potentially available should be used. But we never discussed any sort of DEA seconding of personnel or DEA assets working for the NSC. [redacted]

I had discussions with Webster on ~~that~~ the generic use of U.S. assets irrespective of the particular agency [redacted] attempting to come up with information on the hostages.

Q Do you know whether or not Judge Webster ever discussed this with Jack Lawn, the Administrator of DEA?

A He indicated that he ~~knew~~ did NOT Know about the use of DEA agents Nor ~~he~~ had ~~not~~ he been told ~~him~~ about agents working under The direction of Colonel North or the NSC.

Q So, Administrator Lawn was told that their assets were being worked for information?

A I believe that is correct.

BY MR. GENZMAN:

Q Can you follow up to make it clear as of April 29, 1987, you sent a memo to Judge Webster?

A No, I had the discussion with him on April 29. I sent a memo to him on May 7th.

Q During the discussion he indicated to you that he did not know that the DEA agents were being used by the NSC?

A Right. Precisely. He confirmed to me that he was unaware DEA agents were being used in any capacity to assist Colonel North and he attempted to place a phone call to Jack Lawn at that time. He was aware that [redacted] they had been productive. At least he didn't indicate to me.

BY MS. NAUGHTON:

Can we go back? I want to get the sequence straight. During the period then of February '86 through March of '87, was there ever a point at which the Director specifically, to your knowledge, called Administrator Lawn to discuss the use of DEA for these purposes?

A To my knowledge, after my discussion with him, he talked with Jack Lawn and I don't know any other occasions other than what I mentioned previously, ~~that~~ at some point, Jack Lawn had mentioned to him that DEA assets could be used or were being used, I am not sure which, to obtain information on the hostages. I don't know when that was, but Judge Webster indicated that Jack had mentioned that to him.

Q Do you know whether or not Director Webster ever discussed with Administrator Lawn the use of private funds to be used, such as the way as they were in the Kilburn situation?

A No, I don't have any knowledge that it occurred. ~~and~~ In fact, he indicated to me that he had not had discussions in this area, so I would presume not.

Q Director Webster told you he had not discussed money with Mr. Lawn?

A He had not discussed anything other than DEA assets being tasked to provide information on the hostages. From that I presume he did not have any discussions on the funding, but I don't know for certain.

Since he took the position ~~with me~~ that was identical to mine, that private funding was improper, I think he would have mentioned it to me if that had come up in his conversation with Jack Lawn.

Q Now, I gather you did not have a specific conversation about this until this April meeting?

A Yes.

Q Could you tell us first of all, what this Trevi Group is, the purpose of your visit to Brussels?

A The Trevi Group is the European Community Ministers of Justice ~~of~~ and Interior who meet biannually to discuss primarily terrorism and some related issues such as border control. They formed a structured group around this process. The first meeting was in Rome, therefore the Trevi ~~Fountain~~ became the name of the group, the Trevi meeting.

~~The Attorney General at~~ These OF US ON the OSG ~~was~~ were concerned with a lack of information, cooperation and exchange between ~~the~~ U.S. law enforce~~rs~~ment and European law enforce~~rs~~ment. ~~And~~ I suggested that the Attorney General might be willing to approach the Trevi Group to try and facilitate at the political level what we were working ~~at~~ on at the operational level.

The OSG agreed ~~that~~ collectively that would be helpful, ~~and~~ I approached the Attorney General and he agreed to undertake this -- this was the third such meeting that I ~~went~~ attended with him. Jerry Bremer, Charlie Allen and myself.

Q Did the Attorney General regularly attend the OSG meetings?

A He never attended the OSG meetings.

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Q Didn't you tell us earlier that the Attorney General at an OSG meeting was concerned --

A I don't think so. If I did, I misspoke, because he never attended. He attended the NSPG meetings. He is a member of the NSPG, but I represent the department on the OSG. The Deputy Attorney General represents the department on the TIWG, and I represent the bureau on the TIWG.

Q So the Attorney General, Mr. Allen and yourself went to Brussels in late April of 1987?

A with Mr. Bremer. Correct.

Q When did the subject of the Iran contra hearings come up?

A They didn't come up in that context. Charlie Allen and I had a private discussion on 28 April on board the plane this was between the two of us. The Attorney General ~~and~~, Ambassador Bremer nor anyone else was privy to it. He asked if I knew the Chief Counsel, Mr. Liman, and I said only by name. He said Mr. Liman had showed him a document which was an action paper from North to McFarlane regarding the use of DEA agents to effect the release of hostages in June or July of '85.

He went on to state that the agents had been secunded to Ollie North by Jack ~~Laun and~~ Lawn, had traveled overseas, & that they had spent $60,000 of DEA funds on behalf of the NSC. He wanted to know if I was aware of this. I told him I was not. He wanted to know if the Director was aware of

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it, and I said I don't think so. When I got back on the 29th, I brought it up with the Director and confirmed that he didn't know about this.

Q What was Mr. Allen's knowledge?

A He had none.

Q Did he say he had no knowledge of the June-July '85 DEA operation?

A He said he had no knowledge of DEA agents, of DEA being secunded to or working for Ollie North.

MR. GENZMAN: Would you define the term "secunded"?

THE WITNESS: Actually reporting to the officer or office rather than to their home or parent agency that they were detached and assigned to.

BY MS. NAUGHTON:

Q How is it then that he got their names?

A Out of a memorandum Mr. Liman showed ~~me~~. him.

Q Did he say he did not know their names before being shown the document?

A I don't know that.

Q Did you get that impression?

A No. I don't recall he gave any. lw In fact, the impression I got was that he was very shocked that DEA was in direct support of the NSC [redacted] ~~and that~~ ~~when~~ I told him that we knew nothing about it, and that the Director, who had oversight responsibilities over DEA, was

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also not aware of any such activity.

So my impression of Charlie's reaction was that he was shocked that we didn't have the information, as he didn't have the information. But everything he told me he advised had come out of ~~this~~ memo Mr. Liman had showed him. He did not indicate independent knowledge on his part.

Q Did he say whether or not he had ever met the DEA agent?

A No, he didn't mention that. He did mention something about one of the DEA agents being ~~an~~ a rogue or having a reputation of being a rogue. That wouldn't have come out of the memorandum, so obviously he knew something about one of the agents. He didn't indicate where that came from, so he may have had knowledge about one of the agents through other means, but he didn't discuss that with me.

Q I am a bit confused, because the plan was, as you understood it, that DEA would be working [redacted]

A About DEA agents working for the NSC. I would have expected him to know if DEA agents were being [redacted] [redacted] but that is clearly not what was involved here. So I was not at all surprised that he claimed to have no knowledge of this very peculiar, very

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peculiar type of arrangement because [redacted] was the agency that should have been doing this.

Q How did the discussion of the $60,000 of DEA money come up?

A He just recited to me what he could remember from the memorandum, and that is what he recollected

Q Did Mr. Allen indicate whether or not the CIA had given the DEA agents any money?

A No. I don't see how he could have when he indicate that the CIA knew nothing about it. Now, let me go back -- I don't know this, I am speculating with you -- it is very possible that either Charlie Allen, Dewey Clarridge or Clair~~e~~ George may have met with one or both these agents early on [redacted] so I don't find that to be mutually exclusive.

There is a big difference between meeting with a DEA agent [redacted] ~~then~~ and being assigned to and working for ~~a~~ an NSC staffer. I just want to make sure that I am not excluding that as a possibility. I don't know.

Q I take it, then, that you never met or saw [redacted]

[redacted]

A No.

Q Did Oliver North ever mention those names to you?

A No. He did mention on one occasion that he was meeting with Dave Westrate, who was the ~~Deputy~~ Asst. Administrator for Operations at DEA, about DEA assets. That is the only occasion that I can ever recall him talking about meeting with anybody from the DEA, and he didn't mention specifically what the purpose of the meeting was.

Q Do you know Mr. Abraham Assam, A-s-s-a-m?

A Yes.

Q In the context of this hostage thing, did you work with him at all?

A No.

Q Have you worked with him on anything pertaining to hostages?

A I have never worked with him directly on any project.

Q Were you aware that he had been assigned by DEA to attend the hostage location task force meetings?

A I was not.

Q You did not participate, then, in the hostage location task force?

A No. The FBI did, but I did not, personally.

Q Do you recall who the FBI representative was?

A It was an agent from our Washington field office that would attend the meetings. I don't know the name of the agent.

Q Would this be someone from the terrorism --

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A It would be -- not the Terrorism Section, that is part of Headquarters. It was an agent from our Washington field office, which is detached from Headquarters and would be assigned to a terrorism squad. He would report to ~~the~~ Headquarters pertinent information.

Q What was your understanding of the HLTF, in other words, of its membership and who chaired it?

A It was chaired by Charlie Allen, created by the DCI. Its purpose was to have continual focus on the location of the hostages and any potential activity that could be used to free the hostage. It had certain, I think, personnel from DIA and military secunded to the task force. They produced weekly reports, collated all the intelligence, did analysis, and in fact they still do, and served as a focal point for all information relating to the hostages.

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Q To your understanding, did Oliver North participate in the HLTF?

A I don't think I know he got the reports, but I have no knowledge that he directly participated in the HLTF meetings. He may have had one of his staffers attend the meetings, I am not certain.

Q Do you know a Major [redacted]

A Well, I don't know him. I believe the name is associated with one of the military Officers assigned to the HLTF, but I am not certain.

Q Did you ever speak to him that you can recall?

A Not that I can recall. It is possible I did. I believe I received a phone call from a Major [redacted] at some time in the past, but I have no recollection of having a direct contact with him. But I believe that at one time or another I may have received a call on the secure phone from a Major [redacted] having to do with the HLTF, but I don't recall. That name sort of rings a bill in that context.

Q Did you receive a weekly report from the HLTF?

A An officer of the HLTF would come to my office, I would read the report, and then I would return it to him and he would take it back; so I reviewed the weekly reports, read them, but didn't retain copies of them.

Q Did you ever see any options papers presented by the HLTF, you know, outlining different plans to extricate hostages?

A I don't recall seeing them -- I saw the weekly reports, but I never recall seeing option papers. It is possible, but I don't recall seeing them. They reported all the documents that were reviewed; so it would be in the record as to whether I did or not.

Q Do you recall attending any meetings or discussing with DCI Casey the whole subject of how to extricate the hostages?

A No, I have attended meetings with the DCI on intelligence matters. I went to a breakfast with him shortly after I assumed my responsibilities as Executive Assistant Director. We discussed terrorisim in general. I don't recall we every mentioned anything to do with the hostages, specifcially, and certainly no operations.

I had a number of meetings with the Deptuy Director for Operations.

Q Mr. George?

A Clair George.

Those started during the Vice President's Task Force, and from time to time we would have discussions, but never -- we never discussed any specific plan for rescuing the hostages. I don't believe I ever discussed the Kilburn case with him directly. I probably did, but I don't recall.

Q As to the DEA involvement, did you ever discuss that with anyone at the CIA other than Charlie Allen?

A No.

Q How about any other agency?

A No.

Q To your knowledge, was the Attorney General aware of the DEA involvement?

A Only after the fact -- my knowledge is after the fact. I understand that he was to some degree, but I had no knowledge of that up to the point of receiving this information.

Q Okay. What has your knowledge been since?

A That Jack LAWN ~~Lawn~~ had indicated to Director Webster that the Attorney General was aware of the DEA ~~agency~~ being assigned to assist in the matter.

Q How did this knowledge come about, in other words, how did you learn of this?

A I think that Floyd ~~Roy~~ Clarke told me that he had talked with either Dave Westra~~sque~~te or Tom Kelly, the Deputy Administrator, but I don't believe that Jack told me that directly.

Q Do you remember when this was?

A It was after it came out in the newspapers and was a matter of public information.

Q Did you ever attend any meetings or have any

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meetings or have any dicussions in which the Attorney General participated regarding release of the hostages?

A Not release -- we had a number of bilaterals from time to time with Italy, with the United Kingdom, Canada. Terrorism was always a topic of these bilaterals. Normally the hostages would be mentioned, but never specific plans or operations or operational activity.

It would be in the area of information sharing, enhanced cooperation, and so forth. I can't recall ever being at a meeting concerning the release of hostages where the Attorney General was present. I have had meetings with him. Steve Trott ~~became~~, When Lowell Jensen left the department, became the department rep on the TIWG. There have been meetings of the OSG where I ~~have~~ asked for Steve Trott to attend and we have discussed other things related to the hostages, particularly an arrest scenario with the Marshalls Service. But I don't have any recollection of the Attorney General being at a meeting that I attended wherein there was specific direct discussions of operations to either rescue the hostages, or related to the hostages.

Q Now, to the Iranian arms sale. Do you recall when you first heard about this?

A I put together a chronology.

Q Before we leave that other subject, I notice you have brought -- you did bring other files. Did we miss anything as far as hostage extrication or hostage plans that maybe we should be aware of?

A As I say, we have certain ongoing activities that I am not at liberty to discuss because they are ORCON activities, not FBI plans.

Q Are there any plans or was there anything with which you were involved that Oliver North was also involved?

A I don't think so, but as we go through something may come to mind. There were so many things. I saw Oliver North at least once a week in the OSG meetings.

He probably called me two or three times a week if something was going on. We met in TWG on a continuous basis. It is possible that something else was mentioned to me at some time.

I have no such recollection -- if it comes back -- but other than the Iranian situation, he did mention, of course, and I will go through on the Iranian situation when he called me on the Southern Air Transport.

Q I want to discuss specific cases, criminal cases with you later down the road. I am talking now about, I guess, your intelligence hat more than your criminal hat with the hostage situation.

A Well, there were some instances where we provided some coverage, there were some meetings that took place in Washington, but I can't recall any other initiative

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Q Do you recall Oliver North ever calling you to tell you that, to get someone over to Germany?

A In the first place, Oliver North couldn't tell me to do anything. Let's put that on the record.

I have read it in the papers so damn much, I want that very clear.

Oliver North was a staffer who facilitated a process. No one in the NSC could give me orders. No one ever tried to give me orders. I made it clear to them that my chain of command was from the President to the Attorney General to the FBI DIRECTOR to me. So there was never a situation in which I was tasked, ordered or directed by anyone at the White House to take any sort of initiative. Obviously we worked in a coordinat~~ion~~ed fashion, so if information came in that there was a hostage that had been released, or was about to be released, and we ought to put the contingency plan into operation, I would do so. The only time I can recall is, I believe, ~~that~~ the October 1986 instance where the information came from North that there was an expectation that additional hostages might be released [redacted]

I think in all the other situations it came from the State Department.

Q This was November 1985?

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A November 1986, is the only time I recall Colonel North being involved. All the other situations were from the office of Ambassador Oakley, who had the lead responsibilit on the hostage situation as far as action to be taken after.

[redacted]

Q On that issue, did Oliver North or Charlie Allen ever tell you not to discuss certain things with the State Department?

A Not me. I don't know if they ever said anything to anybody else. As I said, I would not accept directions from anyone that I thought---

Q Did they ever intimate that perhaps something should be kept from the State Department?

A No.

Q On the Iranian arms sale, you did learn about it some time in early 1986; is that correct?

A No. July 30, 1986.

Q Could you tell me how you learned about it?

A At an OSG meeting. Can I read this to you, because this is my recollection that I put down, or do you want me to just discuss it?

Q Well, if you would like, we can attach it to the record.

A I am willing to provide you with this whole chronology. This is a chronology plus a narrative of everything I know about the hostage situation.

Q We better identify it for the record.

A I will have to get that copied.

Q We have a record here called chronology of information received by director, FBI concerning U.S. Government initiative towards Iran, and the first entry is July 31, 1986.

When was that chronology prepared?

A I prepared that chronology for Director Webster's confirmation hearing.

Q We will make this a formal request to get a copy of that from you. For the record, Mr. Webster's confirmation, that is to the CIA post, was in April of 1987?

A Right.

On July 30th, at the regular OSG meeting, Colonel North brought up what he called the Iranian initiative. He started with a sort of a preamble of the President's concern with the strategic importance of Iran and the need for the United States to have the ability to deal with the post Khomeini regime, and the importance of Iran not coming under the influence or domination of the Soviet Union, and of the United States maintaining -- this is rather prophetic -- access on the part of Western Governments to the Persian Gulf. He advised us that the President had authorized a covert initiative and had signed a finding to authorize contact with an element of the Iranian Government.

He identified that element was being headed by the speaker of the Majlis, Hashemi Rafsanjani. Then he went on and put in the kicker, that in order to show good faith, the American emissaries, to show their access to and support by the President, had been authorized to arrange the shipment of a small number of anti-tank missiles and. other spare parts.

In return, the Iranian group had agreed to use their influence in attempting to obtain release of American hostages held by the radical Shiah in Lebanon that this finding had been signed by the President in January. We went into some questions.

Q Why does he tell you this in July of 1986?

A Frankly, I think he probably became concerned that we might find out about it otherwise because we were investigating a number of neutrality cases and I suspect that it was becoming very difficult to maintain the cover on this without it being inadvertently discovered through other intelligence collection activities.

Q Who was at this meeting on July 30th?

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A Bob Oakley, Richard Armitage, John ~~Moelhering~~ moellering, I believe, both Charlie Allen and Duane Clarridge, and North, and myself.

Q Did you get the impression that any of these people were surprised to hear this?

A Well, I found out, in fact, some of them already knew it. I can go through that in the follow-up discussion here.

Q Go ahead.

A I asked as to whether the initiative had been approved by the NSC and the Attorney General. Colonel North advised that the Attorney General had approved the finding and that the initiative had been approved by the NSC members. Bob OAKLEY indicated The Secretary of State had concern over providing weapons to Iran. Assistant Secretary Armitage also indicated that Secretary Weinberger was concerned about the provision of weapons to Iran, indicating both of them knew about this before this meeting.

I advised the OSG members that although the approach to an element of the Iranian Government was a political matter beyond the scope of the FBI's responsibilities I was concerned about connecting the provi~~sions~~ding of weapons to the Iranians or further such support to obtain the ~~in~~ release of hostages as this appeared to be inconsistent with the findings of the Vice President's task force and existing U.S. policy.

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North made a distinction. He pointed out that the element that the U.S. Government was dealing with did not control the Hizballah, and had assured the U.S. representatives that the Iranian Government was not responsible for the acts of terrorism against the U.S.

I then told the OSG members that I would be confirming this with the -- not ~~confirming~~, be advising the director and confirming with the Attorney General this information.

Q Did you?

A Yes. The director was out of town. He got back August 5, and I met with him privately after a general briefing, and raised this with him, gave him the same information I just related to you.

Q August 5th?

A August 5, 1986. I gave him the information I just recited to you, including the fact that the Attorney General was supposed to have reviewed and approved the finding. The director wanted to know if there had been any requests for the bureau to undertake any actions; I said, no, it was strictly an informational briefing.

He told me he would contact the Attorney General and verify it.

Q Did Judge Webster express surprise at this?

A Yes. He had the same concerns I did that it was inconsistent with U.S. policy, not the initiative, but to be exchanging arms for influence in the release of hostages. This appeared to us to be totally inconsistent with what we had just reaffirmed in the Vice President's task force process.

But he agreed that it was not illegal. That there was a Presidential finding and he wanted to verify that with the Attorney General.

Q Was there ever any discussion regarding how that might affect the pending neutrality cases or arms to Iran, criminal cases?

A No, because each time we had one of those cases we went to the intelligence community and found out quote-- "there was no connection."

Q Those are famous last words.

A So we, perhaps naively so, proceeded on the assumption that this was a totally separate activity. We did not know how it was being done and we were not told how it was being done, but we had each time requested information as to whether there was government approval involved in the other cases, and had been assured that there was not; so we proceeded accordingly.

Q So your main concern when talking to Judge Webster was, I suppose, a policy one, and a legal one, whether indeed there was a finding?

A If there wasn't a finding then we would have probably an arms export violation or a neutrality violation although the latter would be unlikely because that would have required people to move from the United States to carry out armed activities.

Q To your knowledge, did the director go to the Attorney General?

A Yes. He told me that within the next week to 10 days, he didn't remember the specific date, but within the next week to 10 days he advised me that he had confirmed with the Attorney General his knowledge of the Presidential directive on the Iranian initiative,and the Attorney General had approved the finding at the White House.

Q Did the Attorney General tell him he fully approved it at the White House?

A Yes. That was what the director related to me.

Q Do you know whether anyone else at main Justice was aware of this?

A I don't believe so. I never discussed it with anybody other than the director, because it was compartmented, SCI, I couldn't take any documents out, I couldn't reproduce any documents. It was very tightly sealed,and to my knowledge, the only person in the department that saw the finding was the Attorney General.

Q When North briefed you all on July 30th, did he give any instructions or did he give any reason other than your supposing just for informational purposes?

A Well, the purpose in the briefing -- we were dealing with the hostage situation on a daily basis. We were dealing with Middle Eastern terrorism on a daily basis. To have this initiative ongoing while we were collecting intelligence, planning possible operations and doing a lot of other things certainly could lead to an inadvertent exposure of that activity. I can't go into the rationale, but it seemed evident to me that it was considered important that this particular group which had under Presidential directive, the responsibility for coordination of counter-terrorist activities, to be ~~bedded~~ vetted into this particular initiative, so it was very late, six months after it had been approved---

Q What exactly did North tell youabout the shipments and when they were shipped and what was shipped?

A He just indicated that there had been shipments.

Q Did he indicate that there were any shipments prior to January of 1986?

A No. He didn't indicate how many shipments or when, but that there had been authorized shipments.

Q Did he tell you when the authorization was signed?

A He said January 1986.

Q Did you understand that to mean that the shipments began on or after January 1986?

A I took it at its face value. There had been a Presidential finding, and there had been small ~~amounts of~~ shipments -- he described them as a small number of anti-tank missiles, and spare parts.

Q Did Mr. North explain any involvement by the Israelis?

A No.

Q Did he ever discuss the shipment of either HAWK missiles or SIDEWINDER missiles?

A TOW missiles are the only ones I recall being specifically mentioned by name.

Q Did he explain anything at that meeting about the funding?

A No.

Q And I take it, he did not say the proceeds were going to contras?

A No. He did not. I was not even aware that there was a civilian involvement. Because Armitage had indicated that DOD was involved, and the CIA was involved, ~~So~~ it was my presumption that those agencies ~~who~~ which would have that responsbility were the ones that were doing it. He did not go into it, nor did anyone else that may have been privy to this, indicated private involvement.

Secord's name or Hakim's name were not mentioned.

Q Were you aware of the private investigation regarding General Secord?

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A Yes. That name came up one time with regard to Southern Air Transport.

Q After the conversation with the director on August 5, 1986, and up until the SAT investigation, was there any other event regarding the Iran arms sale?

A The Iran arms sale, no; hostages, yes, which at this point the two had become intermingled. Well, actually the Southern Air Transport comes before. I had another call on October 31st, indicating the imminent release of the hostages or some of the hostages was possible.

Q This was from North?

A Yes. And that we ought to put the -- this actually occurred at an OSG meeting, and North made the statement that over the weekend we could possibly expect one or two hostages and asked that the agencies [redacted]

I came back and advised Webster.

Q Do you recall, did you ever send [redacted]

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[redacted]

Do you want me to do that?

A Yes, if there were any other, I will call them false alarms.

A Why don't I find out [redacted]

Q That would be great; and the dates?

A Okay. Because on three occasions, of course, there was a hostage.

Q For the October 1986 one, were you expecting more than one hostage?

A He said one or two.

Q When the director told you he had consulted with the Attorney General to see if he had indeed approved it, did he give you any indication what the Attorney General's position was an policy matter about this?

A I am a little uncomfortable in relating to you conversations between the director and the Attorney General. They ought to be given by them.

Q We will be asking them. I have already asked the director.

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A The director and I discussed ~~agian~~ again the policy and he said the Attorney General doesn't seem to have any problem with it, which was amazing to us, because we thought that he would have at least expressed a reservation as to potential impact on U.S. policy and our standing vis a vis, other countries in carrying out the policy.

I was a little concerned as to how this had been presented to the Attorney General. At times things could be presented in a way that would seem to be perhaps more constructive than we might view them.

(Whereupon, at 11:40, there was a brief recess.)

end jm
dotson fls

Dotson/drg
Take #2
11:50 a.m.

BY MS. NAUGHTON:

Q You had mentioned, we were in the time period from August of 1986 until the SAT investigation, which I gather started about the 2nd of October, and you mentioned the hostage location [redacted]

Q Were there any other events between August 5 and the second week in October?

A [The request] [redacted] was in September, and Southern Air Transport. On the 8th of October, I received a call from North. On the 14th, I believe, Webster.

Q October 8. Was that over the SAT investigation?

A Yes.

Q For the record, SAT is Southern Air Transport. Why don't you tell us what happened on October 8.

A Our investigation was of the C-123 crash. Southern Air Transport was not the focus of the investigation. ~~I am sorry.~~

Q October 8, you received a call from Colonel North?

A I have a more detailed chronology here. I will provide this chronology if you would like.

Q Yes. That would be helpful to the committee.

A I prepared this in connection with -- I prepared the -- I wasn't privy to some of this. On October 8, I received a call from Oliver North while I was in Nashville, Tennessee.

I was attending a conference of the International Association of Chiefs of Police. Ollie asked me if I had seen the news about the 123 crash in Nicaragua. I advised him that I had.

He asked if I was aware FBI agents in Miami had visited the offices of Southern Air Transport. I indicated that I did not know that. I did not know the FBI was involved at this point. North indicated that although he knew of nothing involving the SAT and illegal activities, that he was concerned that the FBI agents might discover, inadvertently discover, that SAT was involved in ~~authorized~~ activity -- that was Presidentially authorized [illegible] I was privy to. This was an open line, so he was talking cryptically.

Q Did you understand that to mean the Iran --

A I knew that ~~is~~ was what he was talking to, because that is the only Presidential finding that would have ~~git~~ fit in this category. He said he wanted to make sure that I knew and Webster knew that the negotiation process was in a very critical stage, and any inadvertent disclosure of involvement of a U.S. company could have disastrous results.

He did not ask for us to hold the investigation or to take any action to divert the investigation. He simply brought to my attention that SAT was, in fact, involved in the Iran hostage situation, not by name, but by cryptic references.

I contacted Miami, I found they had indeed opened an inquiry. Oh, he also asked me what basis the FBI agents would have for conducting an investigation, and I said, "Well, the field office can initiate inquiry into a neutrality matter. I didn't know specifically, but I presumed that Southern Air Transport had in some way been connected with the C-123, crash they were down in Nicaragua. If that C-123 was carrying arms, munitions or personnel from the United States, it could be a violation of arms export~~s~~ laws. So the office ~~w~~could initiate on their own initiative an inquiry. If it were to proceed beyond preliminary inquiry, it would have to be approved by Headquarters.

Q Why did that subject come up? Did North ask if you had approved it or why would you be explaining your interpretation?

A He wanted to know why the FBI agents would respond for a plane crash in Nicaragua as a matter of information, and I explained to him both the neutrality and arms export ~~was and all they needed was information,~~ and all they needed was information this was a U.S. registered aircraft and that there were arms on board, and that would be sufficient to trigger a preliminary inquiry.

Q Did he comment at all if there were arms on board?

A No. He said -- he disclaimed any knowledge of the aircraft itself. What he was concerned with, at least in his phone call to me, was that the involvement of Southern

Air Transport in the hostage situation would be inadvertently disclosed in our investigation of the C123.

Q When you say disclaimed knowledge, did he say, "I don't know if there were arms on board"?

A He said, "I don't know anything about that airplane."

Q So you called Miami.

A Right.

Q What happens?

A And I found out that they had initiated -- exactly as I had indicated, based on news reports, they had initiated a preliminary inquiry, and they had information that had come into the office that that same plane had been seen at Southern Air Transport. They had gone to Southern Air Transport to find out if the plane belonged to Southern Air or if it had left there and so forth.

I instructed them to send in a teletype to Headquarters advising of the initiation of the inquiry, and then came back the next day, on Friday actually, the 10th. The teletype was there. I had a meeting with Mark Richard, the Deputy Assistant Attorney General, and the department authorized a full investigation, and we went back with a teletype instructing the full investigation be undertaken.

Then, on the 10th, Director Webster was out of town at the time I received it. My chronology -- I just found a mistake. I said on the 10th I was advised --

actually, the 10th was a Friday. It was the 14th, it was Tuesday, because he was out of town until the 14th.

Q So he is advised October 14.

A Right. Of the call from North and of the action that we took, meeting with the department and the instructions to continue a full investigation.

Q When he was briefed, did he have any other comments than okay, go forward?

A He didn't say okay, go forward. I am in charge of operations, and he doesn't authorize me to do what I am already authorized to do. It was a matter of information. He didn't say "stop." No, I mean he was interested obviously if there was any connection at all between the aircraft, and the other thing that only he and I knew about within the Bureau. And we also commented to each other that they were still trying with the hostages. We thought it was becoming rather evident this wasn't going to work, but they were still, meaning the NSC and the groups, working, CIA and others, were still attempting to carry out this Iranian connection to the release of the hostages.

Q What happened then after October 14?

A The next thing that happened was Associate ~~Assistant U.S.~~ Attorney General Stephen Trott called and asked for a short suspension of ten days of any non-urgent investigation. This came directly to Director Webster. I was out of the office, he consulted with Floyd Clark~~?~~e Floyd consulted with the Terrorism Section. There was agreement a short suspension would have no detrimental effect on our investigation, and a phone call went out to the field offices instructing they delay any non-urgent investigation. The office was que~~r~~ried and ~~none~~ none had any problem with that.

MR. MC GOUGH: When did that phone call come from Trott?

THE WITNESS: October 30. The Director wrote a memorandum on this call on the 31st.

BY MS. NAUGHTON:

Q Were you there when Trott called Director Webster?

A No, I was not.

Q So this is just from what Webster told you?

A Well, from the memorandum that he wrote on the 31st. And we ~~had~~ have discussed it since, but he didn't tell me at the time.

Q Wasn't it a little bit odd you were the first to hear about it from North, and he does not ask you for a postponement, and yet it sort of comes around from the top?

A Well, not really. All along I have told people over there what the chain of command was. And they weren't going to get a delay from us, meaning from me. So if they thought it was necessary in this hostage process, we were not privy to everything going on there, [illegible] to go to the Attorney

General. That was the proper route. So this is what we told them they had to do, and this is what they did.

Q Did you tell that to Colonel North?

A I told Colonel North and a number of people at the White House any request for the FBI to do anything would have to come from the White House to the Att~rney General to us. Unless it was something in the ~~Gilbert case in the~~ coordination process, we thought it should be done and acted upon on the basis of our own determination.

There is a long history of -- going back to the Hanafi ~~Hunufi~~ Muslim case where White House staffers have called ove and from time to time suggested things to us, the Olympics with Mike Deaver, and we have let them know there is a proper chain of command, they must follow it unless this is something we agree is appropriate based on the information.

It was not a surprise to me if there was to be a request for a delay that it came that route.

Q Did Colonel North, when he spoke to you on the 8th, indicate there was a similar Customs investigation?

A No. There wasn't at the time. We brought Customs into it. At least I don't believe Customs had initiated their own investigation. We went to Customs and asked if they had any manifests or billings for that aircraft on the last departure from Miami. We also went to the FAA and other agencies to seek information. I believe it was our inquiry with Customs that led them to initiate, because they have principal responsibility over the arms export statute.

Q What is your understanding, then, when the Customs investigation began?

A I don't -- I think it was fairly shortly after ours. And I do know it was continuing. At an OSG meeting, I could probably reconstruct this, between the time we suspended our investigation, which was October 30, and the phone call I got on November 14 from North, I was in ~~that~~ an OSG meeting, and as I departed, I saw Bill Rosenblatt, the Assistant Commissioner for Enforcement, waiting to go in and see North.

MR. GENZMAN: What was the date of that?

THE WITNESS: I don't recall. I would have to go back and check. I could reconstruct it. It was after the 30th and before the 14th.

BY MS. NAUGHTON:

Q I have a TIWG meeting from the callendar on October 31 and another on November 20.

A Okay, it was on the 13th.

Q Of November?

A Yes.

Q You saw Bill Rosenblatt waiting to see Oliver North?

A Right.

Q Did you discuss the SAT?

A No. I just said "Hi" to Bill on the way out. We didn't stop and discuss it.

Q Do you know why he was there to see Mr. North?

A No, but I presume it was on Southern Air Transport. Because we had already received a call from Justice at the time, so if in fact -- and of course it became evident to me what the problem was, because I got a call the next day from North.

Q Did you ever see Bill Rosenblatt there before?

A No.

Q Did Ollie North ever mention him?

A He mentioned, I believe, on occasion they were concerned the Customs investigation was, they had subpoenaed records -- I don't have a clear recollection if he mentioned this before or only at the time of the phone call. At the time of the phone call, he told me specifically the records subpoenaed by Customs would reveal the flights to Israel and to Iran and that Secord had called concerning his concern that this could not only reveal but compromise the situation. He may have mentioned to me earlier there was concern the Customs inquiry might also reveal it, but I can't recall specifically, but he certainly did on the 14th.

Q To your knowledge, were there ever any grand jury proceedings issued pursuant to the Customs investigation?

A To my knowledge, there was no grand jury action ever undertaken with regard to SAT during the time of this activity.

Q How do you know that?

A I have been told, and, in fact, I think main Justice would have had to have approved an action of this type. I knew that wasn't the case. I can't remember specifically whether I was told or I just knew because of the normal procedures Customs would use an administrative subpoena to obtain these type records.

Q November 14, Colonel North calls you?

A Yes. He called me on a secure phone and ~~says~~ said he ~~is~~ was getting ready to -- he telephonically contacted me and advised he was concerned the U.S. Customs investigation of Southern Air Transport was going to inadvertently disclose the ongoing critical negotiations with Iran over the hostages. He said this information came to him from Secord, who ~~says~~ said the records they subpoenaed would reveal flights to Israel and Iran. He emphasized the negotiations were at a critical stage and lives were at stake.

He said that the subpoenaed records would reveal the involvement of Southern Air Transport in a Presidentially approved covert mission to Iran, and he was prepared to contact Customs asking them to hold the investigation in abeyance on a temporary basis.

~~TOP SECRET~~ UNCLASSIFIED

I advised him he should not contact Customs since this was a criminal Justice matter but should contact Associate Attorney General Trott who was aware of the hostage situation and would be in a better ~~situation~~ position to evaluate the proper course of action. North agreed, and thereafter I called Trott and confirmed North did call him on the matter.

Q What did Trott tell you?

A He told me Ollie told him the same thing he told me and that he was going to discuss it with the Attorney General.

Q So when Ollie calls Trott, now, to your knowledge, Trott does not know anything about the Iranian arms shipments --

A No, but he knew because of the call that he had previously made on Southern Air Transport that Southern Air Transport was involved with an Iranian hostage initiative, so that is the reason I had -- I now know he was at least aware of the Iranian initiative. That is the reason I had North call him.

Q So when Trott put the stops for a short period of time on the investigation, it is your understanding he knew about the Iranian arms shipment.

A It was my presumption at this point -- at least the Iranian Initiative. I don't know about the arms shipment. Certainly he knew Southern Air Transport was involved

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in something.

Q When North mentioned Secord, what does he tell you about him, or his involvement?

A He ~~doesn't~~ didn't. He just ~~says~~ said, "I have information from General Secord that the records subpoenaed would reveal the Iran contra" — scratch that -- the Iran Initiative He said, as a matter of fact, it rang a bell with me, because General Secord was known to me from the EATSCO case. This was the first time I had ever heard his name. I had heard other people's names out in the public realm, but this is the first time I had any knowledge there was any ~~one~~ civilian involvement, and that it was General Secord.

Q Did you ask North about it?

A No.

Q Why not?

A Because he told me no information came from Secord --

Q Did you ask him?

A I didn't ask him, but we were going to find out later. Because our investigation at that point was in abeyance. This was an additional piece of information we were going to follow up on.

Q At this point, did you have any information, either through the public media or through investigative reports, that General Secord was involved with supplying the contras?

A There may have been information in the media. I don't recall. I certainly had no knowledge that he was involved in anything with North until this point.

Q I am asking a separate question. Separate or apart from North, did you know Secord was involved or had been alleged to be involved in contra resupply?

A Not to my recollection, no. And it was the first time Secord had any connection with the C123 or Southern Air Transport or the Iranian situation.

Q After you talked to North on the 14th and confirmed the call with Trott, what happened?

A On the 20th, Trott called me and said we should resume our inquiry.

Q Trott called you?

A Yes.

Q Did he say why the inquiry should be resumed?

A He said the need for the hold was over and to proceed. And I, the same day, instructed the Terrorism Section ~~to reinstitute the inquiry,~~ which controls the investigation, to reinstitute the neutrality investigation.

Q Did you inform the Director of that?

A Yes. And our investigation continued until December 5. It was turned over as a part of the overall investigation into the Iran contra matter, and then it was turned over to the Independent Counsel.

Q I am going to ask you about the famous October 30 memo in which Mary Laughton had apparently warned someone at the FBI regarding Oliver North. I am referring to a document dated October 30, 1986, apparently to Floyd Clarke; it is captioned "Re: Phil" P-h-i-l "Mabry", M-a-b-r-y. Are you familiar with that document?

A Let me point out something to you. This goes to Clarke. I think it is from the Terrorism Section, yes. You notice on the copy it doesn't go to me. And the initials, mine aren't on here, Webster's are. This is a note from Bob Ricks. For some reason, I haven't been able to find out, I presume at the time I was gone or out, but this went -- it is not unusual for messages to go directly from the Operational Division to the Director, but it is unusual for me not to receive copies or to have the information.

Now, the first I knew of this memo is when it came up during Judge Webster's confirmation proceeding, actually a briefing before the proceeding. The first time I saw this was after this memo had gone to the Independent Counsel and during the time that we were going over the Director's confirmation briefings.

When I read this, I said, "Well, it sure would have been nice for me to know this since I am the one dealing with him and I had no knowledge of such activity." We went into a discussion that Mary's opinion was based strictly on speculation from what she had been reading in the newspapers and that she had no specific information.

Q How did you determine that? Did you call her up and ask her?

A I didn't, but she was called and asked by Floyd Clarke. Either Floyd Clarke or Bob Ricks, one or the other.

Q Do you know whether or not Mary Laughton told Mr. Clarke or Mr. Ricks about her encounter with Oliver North?

A She had had a number of encounters with Oliver North. Her opinion of Oliver North was never very high, but I never heard her express any concern he was involved in any violation of the law. This is the first time I have seen speculation about that on anybody's part.

My concern was I wasn't aware of it since I was dealing with him through the OSG and TIWG; and, secondly, although it was not within the four square corners of the Intelligence Committees' request, I thought that it probably ought to be produced. I was overruled on that. The Director didn't think it was germane to the inquiry, so he didn't produce it until he was asked about it, which I think was a mistake in hindsight, because I think he could have quickly put this to rest. He thought she had no information, it was speculation, and there was nothing there that fell within the request.

There is a notation on here from Bob Ricks,

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"Floyd, the real problem would be the potential discovery if a special prosecutor is appointed." I asked Bob what this meant when we were going through this, and he said if Oliver North became the subject of an Independent Counsel investigation, then it might reveal what is blacked out here, which is the method and source of intelligence.

Q And this is on the Mabry matter?

A This is where the information came from.

Q For the record, this is a supposed source who was planning to go to Nicaragua or offered to go to Nicaragua?

A The specific source and the means of acquiring the information is what was of concern.

Q Did you ever ask anyone at the FBI why you did not get a copy of that?

A Yes. I asked Floyd Clarke, and he said he couldn't figure out why I didn't.

Q The memo is written by whom?

A That memo was written, I am not sure by whom, but it was written in the Terrorism Section and signed by Steve Pomerantz, Chief of the Terrorism Section. It was what we call an informal note. It is simply a matter of passing information. It went to Clarke. He chose to send it on to the Director -- I am sorry, let me go back a second.

It went from the Terrorism Section Chief to the Deputy Assistant Director, Bob Ricks. Bob Ricks put~~s~~ that

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notation about discovery. It ~~goes~~ went to Floyd, Floyd initialed it and sent it to the Director for information. The Director simply initial~~s~~ed it and ~~sends~~ sent it back.

For whatever reason, and I cannot reconstruct, Floyd doesn't know why, and I don't know why, I didn't get a copy of that. It probably would have meant more to me than anyone else, not what she said, but because she had the concern, and I would have likely called her up and said, "Mary, what is going on?" But I didn't see it, so I didn't make that inquiry.

Now, afterwards when they did inquire of her, she said it was just her speculating on the basis of behavior patterns she had observed, Ollie might have gotten himself into things he shouldn't have; therefore, he shouldn't get this kind of information vis-a-vis Nicaragua.

Q Is this the first time she had expressed such a concern?

A To me?

Q Yes.

A She didn't express it to me. It's the first I had heard of her having this type of concern.

Q She never discussed with you any concerns perhaps North was leaking information that was anti-Sandinista, for instance?

A No, she never mentioned North to me that I can

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recall.

Q Do you know --

A She may have mentioned it to other people in the Bureau, but not to me.

Q When there is an accusation of a leak by an administration official, there is a separate division or section, isn't there, that handles such investigations?

A It is handled within the Terrorism Section, but by a separate unit. It is a unit that deals in contingency planning and special investigations. Special investigations are espionage act leak investigations, so they do not handle operational terrorist matters, they handle contingency matters and leak investigations.

Q Who is the head of that section?

A The Section Chief is Steve Pomerantz. The unit is headed by Al Seddon, S-e-d-d-o-n.

Q And do you know whether or not this particular unit has ever questioned Oliver North with regard to leak investigations?

A The unit would not have. The unit directs the field offices. I suspect that North has been questioned on a number of leaks, because our procedure was, in conducting leak investigations, to question everyone who had access to the information that had been leaked. So I am certain North, along with any other NSC staffer dealing in these areas, has been questioned.

But I have no knowledge they ever suspected him of a leak. It was never brought to my attention if that is the case.

Q Do you have any specific knowledge of him ever being interviewed, number one?

A He had mentioned at one time that he had given an interview. I don't remember in connection with what. I do know -- I think it was back in early '86, a sort of spate of information came out about North's involvement with the contras, that he indicated that he had asked for an interview -- given an interview to someone.

He also told me he no longer had the contra account since he had been placed in this new enhanced position by the NSDD [redacted] ?

Q So he told you he no longer had the contra account in early 1986?

A Yes.

Q Did you believe that?

A I did at the time. Obviously, I shouldn't have. And he never brought up the contras in any OSG meetings, or Nicaragua. So it was never a subject of discussion. Even in the Southern Air Transport matter, it wasn't in the context of contras, it was in the context of the Iranian Initiative.

Q Did he ever ask you to open up a leak investigation?

In other words, did he ever suspect someone of leaking something?

A No, I can't recall -- the procedure would be, for a leak investigation request, to come from the National Security Advisor to the Attorney General to us. I can recall on one occasion when Dave Majors called me on behalf of the NSC Advisor asking we initiate a leak investigation. I called Trott, got the authority, and we initiated one. It was an intelligence matter, it had nothing to do with this. That is the only time I can recall direct contact with the NSC on a leak matter.

It wasn't North or anything to do with Iran or the contras or anything of that nature. Normal procedure would have been from the NSC Advisor to the Attorney General to us.

Q It had nothing to do with Central America?

A North may have requested through the NSC Advisor to the Attorney General, I don't know. The records would have [illegible] be checked on it. He didn't make such a request to me.

Q Did Majors mention whether or not North had requested any other leak investigations?

A No.

Q Did you and Mr. Majors ever discuss Oliver North?

A Yes, we did, but I can't recall whether it was before or after the blow-up. Certainly afterwards we did, but I can't recall whether before we did or not.

Q What was your sense before November, '86 of Mr. Majors' relationship with Oliver North?

A I don't think -- I think Dave thought and had expressed to me his concern that Ollie was sort of a loose cannon, meaning he didn't follow procedures, protocol, and go through the normal chain of command. He was always running in to see John Poindexter or Bud McFarlane and didn't go through the ~~department~~ proper channels. He never expressed to me anything before November 21 concerning any integrity problem or issues like that.

Subsequently, he indicated he thought Ollie North was a liar. He never indicated that to me prior to that.

Q After the Iran arms sales became public, let's say on November 6, did Dave Majors ever tell you that he had asked Ollie North about the arms sale or how the hostages were going to be freed? What I am getting at here is, did Majors ever relate to you an episode where he asked Oliver North about the hostages, and you told him that [redacted]

A Dave told me about it -- but I think it was after the 21st, not the 6th.

Q Why don't you describe those conversations.

A I really can't remember it except it was some sort of ridiculous thing about [redacted]

[redacted] You know, it was some sort of a ridiculous scenario that was never discussed, and Dave was saying it was typical of North that he would come out with some sort of flamboyant statement or tale.

I said they never raised such an issue in the official channels; but I think that was after the 21st, I don't think it was the 6th.

Q What else did Majors have to say after the 21st about North?

A Again, that he distrusted him, and he thought Ollie was deceitful in his dealings and that a lot of the things he said were not only inaccurate, but just false.

I asked him why he hadn't told me this before. He said, "Well, I just wasn't sure of it before." It is pretty easy to make that statement after the fact. And I have to say this, that in my entire time of dealing with North, which I didn't deal with North until the time of the Achille Lauro, TIWG was meeting, which was in '85, we didn't begin the OSG process until February, '86, my dealings with him were only for about nine months on a regular basis, and when we had an incident ongoing after June of '85, he was not the representative to the TIWG, John Poindexter was.

Poindexter was also the NSC representative to the Policy Review Group of the Vice President's Task Force. So my dealings with North were about -- fairly concentrated over about a nine-month period. I never saw him during that time advocate anything illegal. He talked about some things that were, from a policy standpoint, I thought, both inappropriate and ill advised. But he never advocated anything that was either illegal or improper in my presence, nor did I see some of these other characteristics that were -- that are ascribed to Mary Lawton or what Dave Majors said. He didn't demonstrate those kinds of characteristics in my presence.

MS. NAUGHTON: This will conclude this portion of the deposition, and we will agree to conclude it at a mutually agreeable time.

(Whereupon, at 12:30 p.m., the Joint Committees were adjourned subject to the call of the chair.)

tson/drg
end

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DEPOSITION OF OLIVER B. REVELL

Wednesday, July 15, 1987

U.S. House of Representatives,

Select Committee to Investigate Covert
Arms Transactions with Iran,

Washington, D. C.

The Committee, met, pursuant to call, at 1:30 p.m., in Room B-352, Rayburn House Office Building, Pamela J. Naughton presiding.

Present: Pamela J. Naughton and Robert W. Genzman, on behalf of the House Select Committee.

W. Thomas McGough, on behalf of the Senate Select Committee.

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under provisions of E.O. 12356
by B. Sirko, National Security Council

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MS. NAUGHTON: We are on the record.

My name is Pamela J. Naughton. This is the second day of the deposition for Oliver Revell. I am staff counsel to the House Select Committee to Investigate the Covert Arms Transactions with Iran, and if the people around the table would please introduce themselves.

MR. McGOUGH: Tom McGough, associate counsel for the Senate Select Committee.

MR. GENZMAN: Robert W. Genzman, associate minority counsel, House Committee.

MS. NAUGHTON: And Mr. Revell, if you would please take the oath.

Whereupon,

OLIVER B. REVELL, was called as a witness, and after having been first duly sworn, was examined and testified as follows:

EXAMINATION

BY MS. NAUGHTON:

Q Mr. Revell, we have of course spent several hours in deposition a while ago. I will give you an opportunity at this point if there is anything that you said that you later remember something else and would like to add to the record, please don't hesitate at any point during this proceeding, but, given if you have nothing to say, we will move on to some other topics.

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under provisions of E.O. 12356
by D. Sirko, National Security Council

Did there come to your attention at some point between let's say November of '85, and March of '86, that there was a Neutrality Act investigation pending in Miami, Florida, involving the possible assassination plot against Ambassador Tambs and also alleged gun running to the contras?

A Yes. The assassination plot for sure and the gun running I think was sort of part and parcel of that as well as some allegations about potential drug trafficking by the same elements.

Q How did this case come to your attention?

A I am not positive but the file would reflect it was probably sent on what we call an informative note, possibly a director's briefing. I am not certain without reviewing the file exactly how it came to my attention.

Q Do you recall approximately when it came to your attention?

A If I could, let me see what material I have here on that.

I am not positive but it looks like probably the first I had was a note from Floyd Clarke to Director Webster, dated April 8, 1987, where they were reporting information that from the Village Voice article that had been published on March 31 of, '87 -- I knew about it before then because I knew about it at the time of --

wait a minute -- I briefed Lowell Jensen, Deputy Attorney General on the case in March of '86, but I am not certain what point before that I would have known. I would have to go back and review the file to see what was sent up and whose initials were on it, but at least in March '86 I briefed the Deputy Attorney General.

Q Do you recall why it is that you briefed the Attorney General?

A Because of the assassination plot that had been relayed to obviously State, CIA, White House, and Justice, the State Department had called, the Deputy Secretary, had called Lowell, the Deputy Attorney General, and was very concerned about the threat and Lowell had asked me to come over and give him a briefing and also he asked for a document that he could use in discussing it with the NSC and State Department.

Q It is your understanding that Mr. Jensen first got the case from the State Department.

A I know that he heard of it from the State, Department, whether he first heard of it or not he told me he had received rather urgent request from the Deputy Secretary about doing everything possible in the case. Whether that was when he first heard or not, I am not certain.

Q Do you recall making any inquiries to the field office down in Miami?

A No, I did not. I am sure headquarters did but I did not.

Q Did you ever instruct anyone to make those inquiries?

A Not that I can recall, but at the time when we got the information it came from Miami, so I don't think ~~would be a necessity,~~ That was necessary. There ~~[illegible]~~ was already ongoing dialogue between headquarters and Miami. I don't recall specifically asking either Floyd Clarke or anyone in CID to do so, although if there had been any area of information I thought was lacking I would have, but I don't recall doing that.

Q When you went to brief Mr. Jensen, do you recall what day that was in March?

A I think it was probably the same date ~~of~~ as the memo which would have been March 20. Let me check my calendar because I think I had the memorandum prepared ~~[illegible]~~ contemporaneously with the briefing so I could provide it to them.

It doesn't reflect on my calendar. This is not unusual because these are scheduled appointments, but I would say it either on or about March 20th date of the memorandum.

Q Do you recall did you have any documents prepared specifically for the briefing of Mr. Jensen or did you just simply take whatever material?

A I had a document prepared.

Q Who prepared that document?

A The Terrorism section ~~of~~ in the Criminal Investigation Division.

Q Do you recall who specifically?

A No, but maybe, it looks like from the initials it would have been Mr. Prosser, P-r-o-s-s-e-r, George Prosser.

Q Could we see that document for a minute. I note for the record you are referring to a memorandum, I wanted to make sure that we had already obtained a copy.

A It has his markings on it but this is accurate.

Q Back on the record.

Do you recall when Deputy Jensen requested a briefing on this, was this at his own initiative? or is this because he wanted to brief the NSC?

A My recollection is that he was getting inquiries from the Deputy Secretary. He may have also mentioned he was getting calls from the White House, I don't recall. But I do specifically recall that he was getting calls from the Deputy Secretary. He said the State Department was very concerned about it. I don't recall him saying anything about the NSC specifically.

Q When did you become aware that Deputy Jensen intended to brief the NSC?

A I really didn't. There ~~is~~ are two things that came up. Let me have the original back. There is a note on that.

I was asked by Oliver North about the memo that I had given to Jensen. I asked the Terrorism section, Stan Klein was chief at the time, whether he had sent a copy of that memo to the NSC and this is the note he sent me back. That is probably what North was talking about.

Q This is the letter you were giving to Jensen to be discussed with the NSC. He must have given it to North, Stanley Klein.

Q Do you know what date of this cover memo is?

A I could tell you the date it came to my office.

Q It reads March 17, 1986.

Do you know what this notice is referring to. In other words, firstly, was Oliver North inquiring of you?

A He asked something about this memo and the assassination plot. I was not aware that he had been briefed so I came back and asked the Terrorism Section if they had sent a copy of this briefing paper to the NSC. They came back and said that they had not but that this was apparently, that it had been given to the NSC by the Deputy. I later found out that, I have a copy of the same memo, that was referred to me by the Justice Department and there is a note in this from Steve Trott, who was at that time Assistant Attorney General, Criminal Division, to Mark Richard dated March 24, '86. It says, "Please see me for coordination. Please get on top of this, DLJ, ~~given~~ gave a heads up to the NSC, he would like us to" -- I can't make out the word, something over it, "call Kellner, find out what is up," and maybe you can read better than I can.

Steve's printing leaves something to be desired.

Q He would like us to watch over it and Kellner find out what is up.

MR. McGOUGH: Find out what is up and advise him, decision should be run by you.

THE WITNESS: Okay. Then there is a note Mark Richard signed 3-26-86, "spoke to Kellner, not back yet from LA

BY MS. NAUGHTON:

Q NO.

A NO. File contra folder.

Then I got a call from Bill Weld on May First. He advised me of the memo and the routing ~~supplements~~ slips. I asked him to send copies to me and he did and said attached copies are memos dated March 26, March 24 and March 20 which are, Mark Richard noticed last night in his Posey file. Bill Weld dated May 1, '86. I received it 5-4-87, I sent it to the Director, Judge Webster, attached memo was sent to me by Bill Weld, re the contact by Lowell Jensen with the NSC regarding the Posey matter. That is dated 5-4. Then Webster comes back to me routing slip blocked into my office May 6, "What was purpose of your March 20 memo to Jensen? I don't remember seeing it before." In fact, it had been sent to his office before.

Q Using then those documents to refresh your recollection, I gather in reconstructing this then, you had a request from Jensen for a briefing?

A Yes.

Q Got the information from the Terrorism section?

A Yes, and a memoranda.

Q Briefed Mr. Jensen on or about the 20th, then received copies of apparently memos from Trott to Mr. Richard asking Mr. Richard to keep track of the case?

A Yes, more than a year later. This is March 1st of '87. May 1st of '87. This only came to my attention in May of '87.

Q Mr. Weld sent you copies of these memoranda on May 1st, '87, then the memo were of March '86 activities?

A Right. Two routing slips and then copy of the memorandum that I have given to Lowell Jensen.

Q That was my next question, what Mr. Weld was doing in March '86.

A This is May of '87.

Q And in the May communications with Director Webster, is that '87 or '86?

A That is '87.

Q That is '87.

A Upon my receipt of this information from Bill Weld when I got it on May 4th, I sent it the same day, May 4th, to Judge Webster. It came back to me from him on May 6th. This is the only--

Q Have you discussed this case, this investigation with Judge Webster?

A Sure. On a number of occasions it would have been a subject matter of CID briefing because ~~any~~ of the threat to an American ambassador. Then of course it was among~~st~~ the cases that we reviewed before his confirmation hearing because it did involve the Neutrality violations which were one of the areas of concern.

So, yes, I can't recall what, how many different occasions but absolutely this case has been discussed with him before by Floyd Clark, by the the Terrorism Section and I am certain that I participated in several of those.

Q Was it ever discussed that the NSC had been briefed, in other words did you let the Director know that?

A Just by that. I didn't know they had other than the, other than the inquiry on the memoranda that I got from North which by the way, the memoranda, they were entitled to have because it was an international terrorist matter, there was no problem in that, the information ~~was~~ in the memorandum had already been circulated through the Intelligence ~~Committee~~ COMMUNITY, there was nothing in here that was unknown to the CIA, State Department, or the NSC, except the fact that some administrative information like Tom Mo[illegible]n from Internal Security was coordinating the matter for Justice. But, I don't recall mentioning anything to Judge Webster specifically at the time. I did when I saw this material come over, send it in to him.

Q When Colonel North asked you about this case, was that before you met with Mr. Jensen or after?

A That was after.

Q Was it shortly thereafter?

A It had to be because this note came to me on the 27th. The briefing and memoranda were the 20th.

Q Of March of '86?

A Right. So it was I think it was probably almost contemporaneous with this.

Q What did Colonel North --

A He just asked me about the assassination plot and he mentioned the memoranda that the Attorney General, Deputy had. I don't remember if he said given or used but he brought to my attention that in fact the NSC had either seen or had a copy of the summary memoranda. So then I went back and asked if it had been disseminated. That is when I found out that it had not. At least by us.

Q Why had you asked if it had been disseminated?

A It was not unusual for them to disseminate that type of information within the intelligence community.

Q Why would you ask, if North is telling you he saw it?

A Because I didn't know if we had sent a copy to him or he had gotten a copy from the Justice Department, so I just asked [redacted] if they had sent a copy to him. That is what it reflects is that that I had not.

Q I guess I am asking why did you think it important enough to if they had sent a copy?

A I generally like for us to control [redacted] dissemination of our information and I would have preferred if it was going to be disseminated, it had been done by us or we had been notified of it.

Q Did North have any comments about the investigation?

A He on two or three occasions, I do not recall the time, but it was contemporaneous to this, had indicated there was great deal of concern in the White House, the State Department, that the Ambassador was calling up daily wanting to know if there was any ~~Meese~~ more information. He was concerned about lack of protective security, and so there, North was being called by Poindexter and wanting to make sure the FBI was doing everything it could. ~~was meant on that nature.~~ Are you doing everything you can do to get to the bottom of it, those kinds of questions, and I don't recall my specific words but I told him at the time that any threat against the American Ambassador or any other American ~~receifed~~ received very top investigative priority.

Q Did you discuss with North the other implication of the case, that is possible gun running or Neutrality Act violations?

A No.

Q Did he inquire about that?

A No.

Q Did he inquire about the status of the case, in other words, how far it had gone or whatever?

A Not to me he didn't.

Q I notice in the memoranda it does make reference going to the grand jury in March '86. Was that your understanding how the case had progressed?

A My understanding was my information came from that memo.

Q So you had no --

A I made no independent inquiry.

Q You didn't speak to the case agents?

A No.

Q Didn't speak to their supervisors?

A No.

Q Is that a no?

A No.

Q After Judge Jensen briefed the NSC, did you talk to him again about the case at any time?

A I have no recollection. It is possible. But, I saw Lowell very frequently. It is possible that it was mentioned again but I have no specific recollection of it.

Q What about with Mr. Trott?

A I have no recollection. It is very possible that we did discuss it at another time, but if so, it was simply a matter of have you made any progress or something of that nature. I don't have any --

Q What about Mr. Mark Richard?

A I don't think I ever discussed it with Mark. I have no recollection that I did.

Q And?

A This is not to say that other people may not have, ~~said~~ such as CID or the Terrorism Section, but I have no recollection of doing it.

Q Did you ever discuss this case again with

Oliver North?

A Well, I discussed it, a person in the case, ~~with~~ a fellow named Terrell, but I don't think I discussed the particular situation with him again.

Q Were you aware that the case agents, Assistant U.S. Attorney, were going down to Costa Rica in early April to interview people?

A Yes.

Q And did you tell Oliver North that?

A I may have. I have no recollection of telling him but since we were in fact keeping the intelligence community posted on this situation, I may have but I have no specific recollection. It may have been discussed in an OSG meeting but again, I do not recall giving him that specific information. In order for FBI agents to go into another country, it has to go to State Department, it goes to NSC for information and to CIA as well as to the Justice Department, so, it was common knowledge within that element of government but I have no specific recollection of telling him. I certainly would if asked for, if it had come up, but I don't remember doing it.

Q Did North ever indicate to you in any way that he would prefer that this investigation be slowed down or certain people not investigated?

A No, just the opposite. He was very adamant, very anxious that the matter be pursued and that we get to the bottom of particularly the assassination investigation, he was very concerned about that.

Q Were you aware at any point that he was a possible suspect, a subject of the investigation?

A No, I was aware at some point, I am not sure it was this time, that his name had come up in some of the articles. North had told me that he was not involved with the contra situation any more. He also told me that to his knowledge none of the people that he had ever dealt with had ever involved themselves in a violation of the Neutrality Act or other U.S. statutes. He had indicated that by being visible in his support of the contras, that he was being targeted by some of these elements that were supporting the Sandinistas, but he had denied specifically being involved in any of these activities and in fact, in every instance that I am aware of either to me or to FBI agents had urged there be a vigorous investigation. I was not aware at any time he was interviewed or talk with me or other people that he had ever made any such requests or even any such insinuation.

Q Do you recall when he told you he wasn't involved in the contra cause?

A I have tried to go back over that. I think what triggered was that restoration of funds which I think would have been may of '86, and I think I asked him at that time if he was getting out of that contract. I was concerned, he never brought up the contras, but since we were dealing with him on an almost daily basis on international terrorism and hostages, that particular area of his public activity bothered me and I had discussed it with other people on the OSG, and it bothered them, too, particular Bob Oakley. It bothered Ambassador Robert Oakley. So, I just asked him in an offhand manner, I believe it was right after there had been restoration of funding, if this would remove him and he had indicated he no longer had that contract or something of that type.

He never brought up the contras or the Central American issue during the OSG meeting. The only time it came up were in the specific situations with such as the threat on Ambassador Tambs or the time that we had the threat on the President.

Q I want to get to that a little later.

You mentioned that he assured you that there were no violations of the Neutrality Act?

A He was unaware of --

Q Do you recall how that conversation came about?

A Well, we were talking about some of these people in particularly the allegations of drug smuggling and gun smuggling and so forth, and he indicated that in regard to any of the people that he had come in contact with, that he was not aware they were very well aware of the Neutrality Act, and the Arms Export Act, and had given him assurances that they were not in violation of that. I can't remember it was in regard to any specific person or entity.

Q Was this conversation in connection with this case, the Corvell CORVO case for lack of a better case, Miami case or general discussion?

CORVO [illegible] the [illegible]

A I don't think it was in the Corvell case because they disavowed any knowledge of these particular individuals.

I really cannot recall specifically what it related to but I do recall specifically he made the comment but I wish I could, but it was not something I had inquired about, so there was no documentation. I just cannot put it in a -- but it was well before, would have been sometime around this period of time in May, '86, March to June of '86 sometime.

Q Was it before he told you that he had gotten rid of the contra contract or after that?

A I am not sure.

Q Did you ever hear any discussion or complaints or anything from the Miami office in terms of the progress of the ~~Corvell~~ CORVO case in taking the case to a grand jury?

A There was a communication that came up at some point that I didn't act on but I was advised as it came to me it was acted on by CID, that the Assistant U.S. Attorney and case agents were concerned the matter was not being brought before the grand jury on a timely basis. CID, I am not sure who in CID, Mr. Clarke could tell you that, took it up with the Department.

Q Do you know to whom he spoke?

A No.

Q What made you aware of this?

A It came up to me in a note or in some other communication that Miami had indicated a problem.

Q Was it sometime in the summer of '86?

A I think so, but again I would have to refer to the file.

Q Were you aware of why they felt it was being so slow?

A I don't think they articulated a reason. It seems to me there was a civil suit and there ~~was~~ were also some problems with access to witnesses and there was apparently a disagreement in the U.S. Attorney's Office in Miami as to the appropriate time to proceed, but really I can't recall specifically. The document would have to speak for itself in that regard.

Q Could you for us retrieve that? Was it a teletype from Miami?

A Either a teletype or what we call an airtel. Probably a note attached.

Q If you could retrieve the airtel for me and provide it to us, we would appreciate it.

A I am surprised you don't have it.

Q Mr. Revell, was it ever discussed with you by anyone at the Department of Justice, that the ~~[illegible]~~ Corvo investigation should be slowed down in any way or delayed?

A Absolutely not. I have a note here that ~~would say~~ was done in April of '87, this may give me some -- as early as February '86 Miami requested Jeffrey Feldman to empanel a grand jury to hear the facts. On March 14, Miami case agent and Feldman briefed us concerning the investigation. Caller indicated at the time he had been in contact with high ranking Justice Department official not described who made inquiries about the investigation, specifically about the five mercenaries incarcerated in Costa Rica.

On March 31, Miami agent Feldman traveled to Costa Rica, where the first mercenaries were interviewed -- including document shown to Tambs or diag~~pm~~ a of the players ; Reng Corv[illegible], John Hall, Colonel Oliver North, ~~[illegible]~~ CORVO, Cuban engineers, to El Sar in March of '85.

MR. McGOUGH: What are you referring to?

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THE WITNESS: I referred to it earlier. This is the informal memoranda from Mr. Clarke to the Director which included the comments regarding the Village Voice article that I had. Between August and November '86, FBI Miami pressed the U.S. Attorneis office about the case. Miami FBI requested FBI HQ intervention, which was done, that is the part I was talking about, Miami U.S. Attorney's Office took no action in that case until November '86. While some of the information in the Village Voice article was accurate, their information allegedly provided by Garcia is not. At no time did Miami FBI office develop any information that the Attorney General or U.S. Attorneys conspired to obstruct the case, the investigation in Miami by FBI was conducted without delay in a timely and thorough manner.

MR. McGOUGH: Could I see that?

THE WITNESS: Sure.

(Discussion off the record.)

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BY MS. NAUGHTON:

Q Do you know if this refers to Mr. Clarke had intervened or tried to intervene with the Department of Justice, do you recall? Did he tell you later on about that meeting?

A I am not sure it was Mr. Clarke. It was probably a gentleman in the Terrorism Section who went to see someone in the Internal Security Section at Justice, and I don't -- I have no recollection of being informed of the result. I would have to look at the file to see if I was informed or if my recollection was based upon that informal memorandum which was much later.

But I had no discussions with the Department about it, and I don't specifically recall having any discussions with either Mr. Clarke or Mr. ~~Riggs~~ Ricks or Mr. Pomerantz about it, although it is possible it came up in a note or in a briefing.

Q This memo obviously refers to some people who were listed as subjects on the prosecutor's chart. Is Oliver North among them? Do you recall when you first heard of that, that North may be a suspect?

A Well, I think that the -- I don't recall having seen anything with his name listed with those people before this came out.

Q When you refer to this, that is the --

A Same page.

Q April, 1987.

A Village Voice article. But, see now, remember that from November 25 of '86 forward, I was not receiving information because I had recused myself, so it is very possible there ~~were~~ was other information received by the FBI in that regard, from November of '86 before this, but --

Q Getting back to the March time period, March of '86, do you recall receiving or reading a sort of long prosecution summary prepared by the FBI agent in the case?

A I don't normally see those. I don't involve myself in case management. That is for the Operational Divisions. My job is policy oversight and problem solving. If I get involved, it is a case of critical national interest and importance. I would not have seen the ~~pros~~ prosecution memo.

Q The only substance memo you saw of the facts of the case is one we saw, dated March 29, 1986, is that correct?

A Right, that is one involving the briefing from me, memorandum from me to the Deputy.

Q Now, let's get into the subject of Jack Terrell, or Terrell.

A I think it is pronounced both. I say Terrell, T-e-r-r-e-l-l.

Q I have heard Terrell, so I will go with Terrell.

When did he first come to the Bureau's attention?

A Apparently, he had been in and out of our focus for some time on various neutrality matters, involvement with Soldiers of Fortune type operations. I can't give you the specific date that it first came to the attention of the FBI, but it had been going on for some time, as I understand it.

Q So from the early 1980s?

A Probably I would say perhaps '82, '83, but that is pure speculation on my part.

Q Are you aware of any prior investigations of Mr. Terrell other than the one we are discussing, the CORVO ~~Cervell~~ investigation?

A Not that I can specifically recall, although it is very possible his name may have been in some material that reached me before, but I have no recollection of it before this.

Q The FBI agent in this case interviewed Mr. Terrell in New Orleans sometime in March of 1986, I believe.

A I believe that is correct.

Q Do you know how it is they came upon his name or knew to interview him?

A No, I don't.

Q Mr. Terrell was involved in apparently another assassination plot, is that correct?

A Well, we came to believe that he might be involved in another assassination plot. He became a suspect in

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an investigation that we were conducting regarding some very sensitive intelligence we received concerning a mercenary who would avail himself to conduct assassinations, including against the President of the United States, if an agreement was reached.

Q And how is it that Mr. Terrell figured into this investigation?

A I can't respond to it in a nonclassified session in this regard. The only information I can give here would be Top Secret.

Q Off the record.

(Discussion off the record.)

THE WITNESS: But I want to again make this portion Top Secret [redacted]

BY MS. NAUGHTON:

Q We understand.

[redacted]

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that the person they were talking about was probably Colonel Flacko, better known as Jack Terrell. That information was, of course, related to Secret Service & to Justice. We put traces to the NSC, traces to CIA, traces to State to see if they had any information about Terrell. I received a phone call from Ollie North saying that he had a person in contact with him that had some knowledge of Jack Terrell and wanted to know if we wanted to speak with him. I said absolutely, and we picked him up that night, Mr. Robinette, and brought him to my office where I turned him over to agents for interview. ~~and~~ He worked with the agents in our Washington field office for about a week, I think, during the time that Mr. Terrell was under intensive surveillance.

Q What was Mr. Robinette's knowledge or relationship?

A He had been, I don't know at this time, but he told our agent later, I believe Ollie North told our agents later, as well as, he had been hired by General Secord to conduct an investigation of Terrell and others involved in a private lawsuit in Miami.

Apparently, it was a ~~Rico~~ RICO civil suit, and that he had been hired by Secord to get background information on the people who were parties to the suit.

Q This would be the Martha Honey suit?

A Yes, I don't remember the names specifically, it was civil RICO in Miami, I believe that is correct. So, Robinette had been in touch with Terrell and was supposed to meet with him again in the next couple of days, and he indicated that he would let us know the time and place of the meeting [redacted] ~~and~~ He would also wear, as I recall, he was concerned with wearing a recording device, afraid that Terrell would shake him down, but he would meet with him in a manner in which we could be sure we had [the surveillance locked on him,] and he also would give us information that transpired between the two of them.

Q What did Colonel North tell you about Mr. Robinette?

A He didn't tell me anything about him, he did mention he thought he was an ex-FBI agent, and we had had a number of Robinettes in the Bureau, but then I came back and ran an indices check on him, and he was not, but I did find out from I believe [redacted] because we ran traces on him as well.

Q And was this your first knowledge that General Secord was somehow involved in Central American affairs?

A I knew about General Secord in the EATSCO case.

Q That is why I qualified by saying his involvement in Central America.

A I think so. I can't recall how his name came up, except later when North called me on Southern Air Transport, I cannot remember him having mentioned Secord to me other than in those two cases.

Q What period of time are we talking about?

A He did not mention Secord to me then, that came back to me from Robinette's -- I can't say that for sure. He may have mentioned Secord to me. In any case, I learned of Secord's involvement in hiring Robinette, North having mentioned it to me, certainly Robinette mentioned it to the agents. I am not positive whether it was North who told me or whether I found out as a result of the subsequent contact. I believe North told me, but I am not positive.

Q What timeframe are we talking about?

A What do you mean?

Q That North first told you that he knew an American who knew Terrell.

A He called me like 5:30, and we had him picked up at 7:00. It was an hour and a half.

Q What month and year are we talking about?

A That was the day we interviewed Robinette. We first learned information through the method I described to you in July, on July 15.

Q What year?

A '86. And we were advised on the 17th by the Washington field office they believe that the information pertained to a mercenary by the name of Terrell. There was notification made throughout the intelligence community on the 17th, my call, this chronology was put together by CID, they had my call to North. I am not certain it wasn't North called me. In any case, I did talk with North, and he indicated that on the evening of the 17th, that he was in touch with someone who had some information about Terrell and then arranged to, we arranged to have Robinette picked up by FBI agents, brought to my office, and he was turned over to other agents for debriefing purposes. That was on the evening of the 17th. It was July 17 that this entire situation transpired.

Q Oliver North is telling you, then, that there is someone who he knows who is already investigating Jack Terrell, is that correct?

A Knows something about Terrell. I don't know he told me investigating, but knows something about Terrell.

Q Who was asking to investigate Terrell's background for use in the civil suit.

A I don't know if North told me that or if I learned that from the agents debriefing Robinette. That is what I cannot recall.

Q I guess what I am getting at is, is Terrell supposed to have given information to the plaintiffs in the Honey civil lawsuit?

A That is what Robinette told the agent. I have no recollection that North told me that. I know that I found that out. I don't think my conversation with North was that long. It was on the secure phone, it was obviously a matter of some concern there was somebody wandering around there who might be ready, willing and able to assassinate the President. He was advising me that there was a person he knew, thought he was a former FBI agent, who had information and was in contact with Terrell. Did we want to talk to him? I said absolutely. The arrangements were made so quickly, there was not a long discussion of Robinette's background and what he was doing and so forth. Robinette came in and was totally debriefed that night by Deputy Former Assistant Director John ~~Slutter~~ Schrieber and ~~with~~ other FBI agents, then he remained in contact with them for the next several days.

Q What did Robinette tell them?

A . Well, he told them that he had been hired by Secord, because of the civil suit in Miami, to investigate the background of a number of people that were involved in that civil suit and that Jack Terrell was one of them, and he had had a number of contacts with Terrell and, in fact, was supposed to be meeting with him again in the near future. He told them more than that. That is the essence of what I can recall.

Q Did he say why he was to meet with Terrell?

A He was trying to ingratiate himself with Terrell in an under-cover capacity to see if Terrell would solicit him in some way to support some of his activities.

Q What activities was Terrell supposedly engaged in other than possible assassination plots?

A For instance, I believe that Robinette knew Terrell had been in contact with both sides, the Sandinistas and contras, and that he had made himself available to the contras and thought he made himself available to the Sandinistas for mercenary purposes.

But I can't recall, the FD 302, ~~[illegible]~~ indicated the totality of information; I can't remember much more than that.

Q You say that Mr. Robinette did not want to wear a wire but was the conversation monitored in any other way?

A No.

Q These conversations with Terrell.

A No, other than his reporting back on the conversation.

Q What happened then?

A Well, he did have a meeting with Terrell, the agents observed that, and shortly after that Terrell went to Miami, which happened to be the same time the President was in Miami. That gave us a great concern ~~big thrill~~. And I think that about that time, that the contact between Robinette and Terrell broke off. I have no specific recollection of any more coming out of that. I think our people in the Washington field were not anxious for Robinette to continue his contact with Terrell once we had locked into that situation.

So I don't believe that Robinette's contact with the FBI continued for much more than a week.

Q What happened during his contact with Terrell, according to Robinette's reporting back to the agents?

A My recollection is not much. It was pretty much the continuation of Robinette seeking an opportunity to become involved with whatever Terrell was doing and Terrell being very cautious, willing to meet with Robinette but not really give him much information as to what he was up to, and I believe that is the reason why our people didn't think it was productive for him to continue any contact.

Q Do you know whether or not Robinette was reporting this to Colonel North?

A No, but I wouldn't be surprised, either North or to Secord. He made a very peculiar, I didn't recall this earlier, but I re-read the interview recently, and he made a peculiar comment that he wasn't a plumber, that he didn't want us leaking information about him working for the White House as plumber, about the conversation was probably being recorded. He seemed paranoid about his contact with the FBI.

Q Was there any mention that you can recall, either by Colonel North or Robinette, regarding his services to North over the family's security fence installed?

A No, North did not indicate to me Robinette was doing anything for him. What I found out later from Schreiber was that when North called me, Robinette was in the office with North. I did not know that. But, no, North did not indicate that Robinette had done anything for him or was in any way associated with him other than the fact that he had information about Terrell.

Q Did Robinette allude to anything regarding the security fence?

A Well, not to me. I only had the one conversation with him, and it was very cursory, and he certainly didn't mention that to me. The first time I knew about it was what I heard on the news.

Q Was the attorney, Leonard Garment, involved in this in any way?

A No, I heard that it came up during the questions of the committee. I don't know what Leonard Garment's connection would have been. I know what my connection with Robinette was, but I don't know what Garment's was, and Garment had none with me.

Q Had you ever had contact with Leonard Garment?

A Yes, sir, sitting on various panels when he was White House Counsel, but not in anything to do with any of this.

Q Let me ask about another guy, David Walker. Were you aware of that name prior to the public hearings?

A No, I don't think so. Again, a name in a report, a report or a memo, may have crossed my desk with his name in it, but I have no specific recollection.

Q Do you recall discussing him with Colonel North at all?

A No.

Q Did you have any or did anyone you know at FBI have any contact with Robinette after this week-long experience?

A I don't believe so. Not to my knowledge, anyway.

Q And, what happened regarding Mr. Terrell?

A We decided finally to approach him. We did jointly with Secret Service. We intensively interrogated him. He had been interviewed by FBI previously. We got him to submit to polygraph, and we eliminated him as being a threat to the President.

We had a behavioral analysis of his activity, and indeed the assessment was that he probably could be hired for the commission of mercenary acts outside the United States, but he would likely take no action against anyone in the United States, and certainly not the President. The Polygraph indicated that he was being truthful when he said he had never had any intention of involv[illegible] himself in any way to conduct an assassination, particularly not against the President. That particular portion of our involvement vis-a-vis him ceased at that point.

Q Was he questioned about any potential Neutrality Act violations in Central America?

A Not in that, he had been in other interviews, but not in that interview.

Q While he was on the polygraph?

A Not to my knowledge, no.

Q We had done a number of other things. [redacted] have done a number of other different things, ~~but~~ -- ~~and~~ North was interviewed also by FBI agents to determine his knowledge of ~~Terrell~~ Secord and Robinette on July 22. We subpoenaed Terrell's phone records, in Washington, and New Orleans, conduct~~ing~~ed a number o other interviews, we interviewed and polygraphed him on July 29, and then again on July 30.

Q Why was Colonel North interviewed?

A To determine what knowledge he had about Mr. Robinette, Mr. Terrell, and their possible activities. When we found out Robinette had been in North's office, that disturbed me. I wanted to know exactly what he knew about these people, so I sent agents over to interview him formally

Q Why did that disturb you?

A Because he didn't tell me. It would indicate a closer association than he had indicated on the phone, so I wanted to get ~~at~~ to the bottom of it.

Q And what was the outcome of that?

A That is what I have been generally relating to you, the information, so as I have indicated about Robinette being hired by Secord and so forth and so on. There is, of course, a report of the interview that would give you the specific information, but North, as I recall, stated essentially what I have already advised you and [redacted] nothing much more specific than that.

Q Did you discuss this with Colonel North after his interview?

A I have no specific recollection of discussing it with North. I believe I did tell the OSG at a regular meeting that we had eliminated Terrell as a threat to the President but were pursuing other possible areas of investigation. We still ~~was~~ are not 100 percent sure that [redacted] related to Terrell. It was our best estimate that is who they were talking about.

Q Did North ever discuss with you the civil lawsuit?

A No. At one time or another, he made some comment about he thought the FBI ought to investigate those people that were bringing the suit because he thought they were probably being funded or supported by the Sandinistas. But I told him that is what we ~~didn't~~ don't do, but I don't remember when that was particularly; it obviously was sometime during the course of this. That is the only comment I can recall him making about the suit itself.

Q Along those same lines, he registered some complaints regarding possible active measures being taken against him during the pendency of contra votes in Congress, including the slashing of his tires, the alleged poisoning of his dog, and he alleged he was being surveilled by persons unknown. When did that first come to your attention?

A I am not certain. Those complaints were not made to me, and I think they were probably either made to Dave Majors or to the FBI liaison, and I am not certain, but it would have been contemporaneous with the situation. I do know that he had received some threatening letters, that is, we got reports that there had been threatening phone calls, there was a public threat allegedly from the Abu Nidal organization, so there had been a number of different situations.

Q But your testimony is that he never directly told you of these things.

A He never came to me and asked for the FBI to do anything. Whether he ever mentioned them to me, I think he had mentioned the phone calls and the letters. I don't remember anything about his dog being poisoned, but it is possible he mentioned something like that.

I had told Colonel North early on that the FBI had no protective jurisdiction and that it would be up to the Navy or to the White House to provide for any protection or security for him.

Q Was this in connection with the Abu Nidal threat?

A Specifically in that regard, but I believe it had come before because of some harassment type of activities.

Q What were those?

A The ones we were just talking about, the phone calls and letters, as his name was mentioned in connection with controversial issues, that he would receive these types of either harassing or threatening activities.

Q Did he ask FBI for protection?

A He never asked me.

Q How is it then that you told him that would be up to the Navy or White House?

A Because he asked about [redacted] who is associated with the Georgetown Center for Study of Strategic Issues CSIS. Apparently [redacted] was bringing a great deal of pressure on everyone ~~thing~~ he could get ~~a~~ hold of, including several Senators and Congressmen and people, ~~and~~ others, ~~and~~ We had a general discussion about the role and responsibilities of FBI, what we could do and could not do,and so he was aware of that. They had indicated ~~at that time,~~ that he was also concerned, and I told him at that time that he would have to take that up at the White House and either Secret Service or the Navy. It was our job to collect the intelligence and conduct investigations, ~~and~~ not provide security.

Q Okay, I am totally confused in my mind. We have got two separate things. We have got the Abu Nidal threat, of which this makes the threat apparently against Colonel North, that entire Heritage Foundation case, apparently, and this someone, gentleman at the CS.

A [redacted]

Q Are you, do you know how to spell that?

A [redacted] but I am not sure.

Q Now we have that threat, which apparently has to do with North's counter-terrorism account, presumably Abu Nidal, and not his contras; then we have what I call the vandalism complaints, the tire slashing, the surveillance, his dog-poisoning, which he thinks is contras related, because the timing is around the contra votes in Congress. The first question is, which comes first?

A I don't remember.

Q Okay, so, when you had this conversation with Colonel North, that the FBI could not protect him and that the Navy or White House would have to do it, was that in connection with the Abu Nidal threats or with the contra-related threat?

A Abu Nidal. By the way, he never asked us to, he was just discussing it in general; he never asked me if the FBI would protect him or could protect him.

Q From the reports that we have received from the FBI regarding Abu Nidal threats, it is made clear that the threat was unsubstantiated and was made publicly and so forth Was that explained to Colonel North?

A I think that Mr. Gilbert, Deputy Assistant Director Gilbert --

Q Wayne Gilbert?

A Yes, had probably a conversation with him. I have a vague recollection that I probably, that I said something to him sometime, "Don't worry about the threats you hear about, it is the ones you don't hear, that ~~is~~ are of concern." I Probably was trying to assuage his concern, but also that is generally true, in terrorist issues, if they are going to strike at someone, ~~you~~ they don't tell them about it.

Q What was your assessment of the threat?

A Just exactly that. If Abu Nidal was going to carry out an assassination attempt against North, or [redacted] or anyone else in the United States, they certainly wouldn't say anything about it. They might if they attempted it or were successful, they would probably claim it. That would be their MO, but ~~not~~ certainly ~~report it~~ NOT before the fact. That is just a form of intimidation.

Q Conversely, let's say you pick up some intelligence source or method that there is an assassination plot against, let's say a staff member of the NSC, what steps, if any, would you take, and could you take within your jurisdiction?

A Well, we would, of course, make immediate notification to the individual and to whatever law enforcement entity that would have protective responsibilities, either the local police if it is a civilian, or military, if it is a military person, or Secret Service if it is a White House official, so whatever protective organization or law enforcement organization that has protective responsibility would be notified.

We would ~~intensity~~ intensify our intelligence collection, and if we had any basis to investigate, we would, of course, investigate, meaning if we had any avenues to follow.

Q Would you investigate that as a criminal investigation?

A Yes. We would collect intelligence for preventive purposes and ~~as~~ also for evidentiary purposes, and obviously someone might reach either our jurisdiction, or if it is in our territorial boundaries, we would take very vigorous investigation.

Q Would that investigation include protection of the individual by the FBI?

A No. The only time we would ever protect someone is if the information was so imminent ~~iminent~~ that we make a ~~made a~~ decision to go out and pick them up and hold them temporarily in protective custody until we could arrange their protection but never as a matter of course or standard practice.

Q In terms of the Abu Nidal threat, was anything done other than to notify the people to whom that public threat was directed?

A By FBI?

Q Yes.

A Not to my knowledge. In fact, I don't think we probably confirmed the notification. It was a public threat, so I think we simply confirmed it, but to my knowledge, no.

Q Did Colonel North ever express to you any distress after the official notification, any distress to you about that threat?

A In connection with the [redacted] matter, yes, he indicated that, as I said, [redacted] was making a tremendous fuss, and he indicated that he wasn't all that happy either, but that is about it. Primarily in regard to what [redacted] was demanding, but he indicated he too was concerned because he had a wife and children.

Q Did he indicate that he had taken any measures?

A He didn't tell me.

Q Didn't mention a security fence?

A No fence.

Q Did he mention any liaison he had done with the local police department?

A No, we had contacted the local police, They had been out to see him, and he indicated he appreciated that, and that they were going to increase their patrol in that area but other than that, no.

Q Now, if we can get to the other series, with the contra-related vandalism and so forth, did you ever speak to Colonel North directly about these incidents?

A I don't think I have spoken to him directly. I think he may have mentioned it at some of the various meetings, that his dog had been poisoned or tires had been slashed. I have no recollection he ever came to me or talked to me directly about that.

Q On Monday we interviewed a couple of FBI agents that interviewed Ollie North regarding these incidents. I am curious how you came to that point, that the FBI agents were dispatched.

A I think probably Mr. Gilbert, Wayne Gilbert, had received information and sent them out to interview him. It is possible that he mentioned something to me about threatening letters or phone calls, and I said something about they should go because that would be a matter of determining jurisdiction. ~~[illegible]~~ I have no recollection of doing that.

Whatever caused them to interview him would be in the file. It would probably be Mr. Gilbert. If it was me, that would be reflected in the file.

Q Well, what the agents indicated to us was that at some meeting between Director Casey, Oliver North and some high official of FBI --

A I was never with Mr. Casey and Mr. North together.

Q Do you know whether or not Mr. Gilbert was?

A I certainly doubt it.

Q What about Mr. Clark~~e.~~?

A No, if it was anyone, it would have been Director Webster, and he would have said something to me, so I don't think that -- it is possible it might have been Dave Majors, who is an FBI official, but assigned to the NSC.

I know of no meeting between Colonel North,. Directo Casey and FBI officials at any time. I have had meetings with Director Casey, but I have never had a meeting with Director Case and Colonel North.

Q Did Director Casey ever tell you not to take notes at the meetings?

A No. I wouldn't have followed Director Casey's instructions in any case. He is a fine old gentleman, but I didn't work for him.

Q It seems you are the only one who didn't.

So you are not exactly sure th~~a~~en, as I take it, who dispatched these two agents?

A No, but it would be in our files. It is possible that it came to me, and I told them to go out and talk with him, but I have absolutely no recollection of that, and I suspect it was probably Mr. Gilbert, but we can determine that from the files.

Q I have here for your perusal, I don't intend to enter it as an exhibit, some of the teletypes and basically a copy of the investigative interview. Do you recall reviewing these at any time?

A This is signed out by Wayne Gilbert.

:g-end
ik fols

This was not referred to the CID, this was referred to the Intelligence Division. The person who signed this out is Mr. Duhadway, Deputy Assistant ~~Department~~ Director. I, frankly, cannot recall this specifically, although this is obviously accurate because they would not have any other means to institute this.

Q When you say this, could you simply describe what you are looking at?

A To institute a contact with Colonel North concerning an allegation or a concern by him that he might be the subject of an active measure program by a hostile intelligence service.

I can attempt to refresh my recollection by discussing it with Mr. Duhadway, but it appears to me that probably Colonel North made a comment to me at a regular meeting, I went back and asked the Intelligence Division to look into it, and they ~~have~~ had instituted an inquiry to determine if there was any basis for investigation.

Q Could you explain to me why this would be referred to the Intelligence Division?

A Active measures refers to the acts of a hostile intelligence service to try and in some manner affect ~~it,~~ ~~the~~ public opinion, or government action in a foreign government. In this case, it would be to effect an act, or vote of Congress, or an action on the part of the

Administration that would be a matter investigated by our Intelligence Division rather than the Terrorist Section of the Crime Investigative Division. The purpose of the investigation would be to determine if, in fact, there was the involvement of a hostile intelligence service in these activities.

Q You couldn't recall this event, do you know whether the active measure idea emanated from Colonel North or explained what happened to you and you would have taken that active part?

A I think he probably got this terminology from Dave Majors, that is FBI intelligence jargon. I can't recall this but I am sort of--I would imagine that if he discussed it with Majors, Majors asked him to, or advised him to tell me about it. He mentioned his concern to me and I went back and advised the Intelligence Division to interview him to see if there is a ~~way~~ basis for an investigation.

That is putting it back together, but, frankly, I do not recall any conversation between North and myself, so I can't give any specifics of what he would have considered active measures, but, obviously, there was such a conversation and we did take this action, but I simply do not recall it at this point. But Mr. Duhadway signed it out and he refers specifically to a contact between North and myself. That is the way I would imagine that it had occurred as probably Mr. Majors talked to Mr. North or vice versa and North talked to me and then I advised the Intelligence Division to look into it.

Q Were you every advised of the results of the investigation?

A I don't recall. Obviously, if I was, it was nothing significant or I would recall. So, I would imagine we found no evidence or no substantiation that there was any sufficient activity. Although, are we still on the record, still in classified format?

Q The entire deposition will be classified.

A [redacted]

So, to that extent, there was some basis for this, although the actions he was concerned with probably weren't caused by the Nicaraguan Government.

Q That's in the recent past or are we talking sometime in the timeframe spring of 1986?

A It has gone on for sometime and up to and including the beginning of the hearings. [redacted]

[redacted]

Q In the interview with Colonel North, there is a couple of interviews of Colonel North, but go back to the interview on June 3rd, 1986. He mentioned things that the FBI has not done. For the record, I will read them to you. Complaint number one, no interview of [redacted] CIA employee, regarding who could assist with information concerning active measures campaign,--lack of contact with [redacted] over Fred Colcan regarding drug charges leveled against Oliver North, no interview of Daniel Sheehan of Christic Institute. He explains there is no contact or interview with Leonard Downie, but I believe Downie of the Washington Post, no review of charges placed by Senator Kerry, no interview of Senator Durenberger or Chairman Hamilton regarding sources of charges they brought against North, no investigation of vandalism incident regarding Colonel North's vehicle.

Now, did he express to you any of these sentiments that I have just read to you?

A No.

Q At any time?

A No, I have no recollection nor do I recall saying that, but we were concerned that we not be used in any way that would appear to be political, so, that certainly would not surprise me that he wasn't satisfied with the actions that we were able to take in an overt capacity, and he would not be privy to that which we were finding out by any covert means.

In fact, I believe the famous Mary Lawton memo refers to some information we came up with that she didn't think ~~[illegible]~~ should be brought to the NSC's attention.

But, no, he didn't raise this with me.

Q Was there a discussion within the FBI then of not pursuing these allegations for fear that the FBI could be accused of being used,or is this your own thought process?

A No, I think that I have no specific recollection of discussions with the Intelligence Division but, ~~we~~ it ~~have~~ has been tried before to ~~be brought~~ bring us into this contra issue and we are very cautious about that,and I didn't make this decision. I don't know what level it was made but it was made within the division. But it doesn't surprise me that he would be dissatisfied with the extent to which we were willing to pursue an active measures inquiry.

Q You said before they had tried to bring you in or someone had to bring you into the contra situation. What were you referring to?

A Well, we were all the time getting requests from both Congress and vice versa. We have always--we try very carefully to stay away from political aspects and only look at intelligence or criminal aspects, so I was not speaking of anything specifically, but rather generically.

Q The intelligence information that you have received regarding Colonel North was shared with Colonel North?

A Not to my knowledge.

Any threat information would be shared with him, but that he was [redacted], and that type of thing I don't believe that it was shared, not by me anyway.

Q Was that ever put together with his complaint about active measures taken against him?

A I am not certain. I am sure it must have, but I don't, I didn't sit down and say, "All right, this relates to this and this to this," that is rather axiomatic.

[redacted]

Q Mr. Egbers, who is a supervisor, do you know would it have been his decision not to pursue the investigation?

A I don't know whose decision it was.

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Q Would he be the next up the line from the case agent?

A I believe Mr. Egbers would be the ~~under~~ Unit chief. There would be a field supervisor in the Washington field office, there would be a headquarters supervisor, a ~~under~~ Unit chief, above this ~~under~~ unit chief an assistant section chief, section chief, deputy assistant ~~section chief~~ director, the assistant director. I don't know where this ~~issue~~ decision was made.

Q Did North ever complain to you about any possible threats or devices mailed to him or anything like that?

A He mentioned something one time about an explosive device in his mail box. Apparently the Navy had responded and so forth.

Q You said the Navy had gone out?

A I think the local police and Navy had gone out. I believe that we looked at it as well.

Q Was he requesting that you look at it?

A No, he mentioned it to me, he mentioned it to me after the fact, some action had already been taken in the matter. I, frankly, don't recall, I think it was probably a hoax device and I don't believe it was ever resolved, it was probably determined to be prank or suspected of being a prank rather than a threat.

Q Other than what I have read to you regarding this June 3rd interview of Oliver North, did he ever express to you or any of the FBI, that any journalists or members of Congress be identified, interviewed, or investigated?

A Never investigated either.

I cannot recall him asking us to interview or investigate a member of Congress.

Q What about a journalist?

A No.

Q Were the results of this interview brought to your attention?

A That interview?

Q Yes.

A Not the one where he was complaining. That is not unusual. I normally do not see specific investigative results.

Q Did North ever ask you what happened to that investigation or what the FBI was doing to pursue it?

A No, not to my recollection.

Q Do you know whether or not North dispatched anybody else to pursue the investigation?

A Such as?

Q Constantine Menges.

A I never heard. I don't know.

Q Do you know Mr. Menges?

A No. Is he a private investigator?

Q No, he was with the National Security Council staff for while.

A No, that name is--at least I have no recollection of it, I have no knowledge of him doing anything in that regard.

Q If I could move along to the equipment topic, Ambassador Walters was there, to your knowledge, any connection between Ambassador Walters and the Iran initiative?

A Well, I didn't learn of the Iran initiative until July of 1986.

Q Right.

A I don't believe I--I have no recollection of ever having heard his name mentioned in regard to what briefings I did receive, so, no, I don't have any knowledge of his being involved or hearing of his involvement.

Q Moving on then to when the Iran initiative became public, in early November of 1986, you of course, had already been told about it by Colonel North, correct?

A I along with others at OSG meetings.

Q There came a point in time when the President made a speech on November 13th regarding that initiative. Did you see a draft of this speech prior to its being published?

A The afternoon before the speech.

Q Did anything in the draft of the speech cause you some concern?

A Yes.

Q Could you describe what that was?

A I would have to go back to my--I think I raised five areas of concern that I came back and discussed them with Director Webster and then he brought up one of the areas with the Attorney General.

That was on November 13th. We had a OSG meeting at the Old Executive Office Building, and a draft, which had apparently been prepared by the Presidential speech unit with some input from the NSC staff, was circulated and we were asked to read the draft and make appropriate comments or recommendations on the contents of the speech.

Q By whom?

A By North. ~~and~~ I guess it was by North, although I think Colonel Earl was there at the time as well.

Ambassador Bremer was there. He had replaced Oakley. Richard Armitage, Assistant Secretary of Defense. I don't recall, I think Mr. Allen was there and I believe Mr. Clarridge from the agency and General Moellering.

There were five areas when I read through the speech that give me concern as to the accuracy or the implications specifically, ~~and~~ I have a copy of the text and what I have done and gone through and underlined the areas, any case,

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I quote page 1, paragraph 2, "your government has not conceded nor will it ever ~~deny~~, concede to the demands of terrorists." To me that seemed to be, although technically correct, ~~the~~ dissembling on ~~to~~ the involvement of the U.S. Government with a segment of Iranian government which was dealing with HEZBALLAH ~~[illegible]~~ and that seemed to me to lack credibility.

Technically, yes, the government was not dealing with HEZBALLAH ~~[illegible]~~, they were dealing with HEZBALLAH's ~~the Mullah's~~ surrogates, or vice versa, the HEZBALLAH ~~[illegible]~~ was a surrogate of the Iranian government.

Second, on page 2, paragraph 1, "at no time in any of our actions have we departed from any firm prohibition against making concessions to terrorists or strengthening those who support terrorism." My view that I expressed was that strengthening those who support terrorism was directly involved and, in relation to provision of weapons to the Iranian government. And then, therefore, that that would be an inaccurate statement.

Page 5, paragraph 2, "this includes a transfer of very limited quantities of defensive armament and spare parts. The sum of which would fit into one large aircraft."

I thought it was unwise to quantify shipment of arms and to describe them as defensive in that sense, in fact, There ~~they~~ were anti-tank) TOW missiles and anti-aircraft missiles involved, and that was certainly subject to question.

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Then paragraph 8, page, I am sorry, page 8, paragraph 3, "there have been several erroneous reports of alleged numerous deals trading arms for hostages. There is no basis in fact to these reports or any other story suggesting U.S. connection to Danish merchants' use of Italian ports, Miami-charter pilot, et cetera." I raised it because I knew of the Southern Air Transport being involved from Miami ~~and~~ in the shipments, I raised this issue saying, wait a minute, have you carefully checked that because it was my understanding, at least from Colonel North in the call he had made to me about General Secord's concern about the subpoenaing of records from Southern Air that, in fact, Southern Air was involved in the Iranian initiative. So, I raised that as a point of accuracy. I did not know when or perhaps pilots from other locations were used, but that seemed to be rather technical and I thought it was putting the President on a very tenuous situation to leave something in there that was questionable.

Then, the last point was that page 9, paragraph 3, "another unfounded charge is that we have violated our policy of neutrality in the Iran-Iraq War."

I simply expressed the opinion it was difficult to claim neutrality when you were shipping arms and munitions to one side of the conflict.

I came back to headquarters, I sent a note ~~in~~ to

Director Webster. Here is the note, dated November 13th, "Judge, I would like to speak to you about this draft of the President's speech for tonight." This went into the Director at 4:55 p.m. on November 13th. We discussed it, each of these points. He called the Attorney General, this is his handwriting. "At no time in any of our actions have we departed from the prohibition against making concessions to terrorists or strengthening those who support terrorism." He writes "I raised that to the AG." I can't read this; his handwriting is worse than mine.

Anyway, he called the Attorney General and got him on his car phone, told him that we were generally concerned about the accuracy of some of the information in the President's speech for that evening, and specifically cited this as a concern.

The Attorney General, at least Judge Webster told me, the Attorney General indicated he would look into it. I believe that particular reference was modified.

MR. McGOUGH: Did you raise these concerns at the OSG meeting?

THE WITNESS: Yes, that is what I told him I had raised these at an OSG meeting and that was the context of telling the Director that I had reviewed it. I gave him the text, and pointed out the areas that I ~~had~~ concern about and what I raised at the OSG, and wanted to, wondered if he

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in fact might not want to raise it with the Attorney General and he contacted the Attorney General about the general accuracy of ~~some of the other and specifically~~ this particular point. He did not raise the other issues specifically to my knowledge.

BY MS. NAUGHTON:

Q When you raised it then at the OSG meeting, what did Colonel North have to say?

A He too doubted the comments and I ~~[illegible]~~ raised and said He would take them up with the speech writers. He also indicated he appreciated ~~it~~ my raising those points. There were a number of others, Moellering raised a couple of comments and Jerry Bremer had several comments, ~~and he~~ North indicated that he would take up the general comments of the OSG, which informally were to make the speech accurate, get the speech to reflect the situation as we knew it. Now, the OSG, at least I think most of the OSG, were certainly not aware of some of the things that had gone on, ~~and most of the things that had gone on~~ but in those areas where we had knowledge, we were ~~enough~~ aware that the speech reflected inaccuracies, that ~~which~~ we did ~~not~~ know about, at least, in part.

Q What did Colonel North say about the reference to a Danish merchant ship and the reference to a Miami charter?

A He didn't say anthing specifically about anything other than when we raised it, he would take it up. Now, I didn't say, "Ollie remember~~ed~~ the phone call you made to me about Southern Air Transport," I just said, "you had better check the accuracy because it is my recollection there were, in fact, some operations from Miami." So, ~~it seems~~ this was a very ~~sort of~~ hectic and almost confused meeting because there was a very tight time line, they were trying to get this back to the President, the speech was scheduled for that night. ~~It seems~~ There was very little time for the speech writers to make corrections, so it was a very hurried review. That is the reason that when I got back, I immediately ~~asked to see the Director,~~ went in to see the Director, and raised with him my concerns so that ~~so~~, perhaps, the Attorney General could add some weight to a careful review of the text before the President went on the air.

Q Did Colonel North say where the language originated in particular? Now, I am referring to the Danish merchant ship.

A No, he didn't mention where any of that language other than this was being put together by the Presidential Speech unit with the assistance of the NSC's staff.

Q So, your testimony is he did not discuss the actual substance of those facts?

A We didn't have time to go into debate, we just went through and raised the issues that ought to be either

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checked, rewritten, revised, or in some manner confirmed; because they raised concerns with us even with our limited knowledge of the situation.

Q Was there discussion that Israel's participation should not be mentioned?

A No, there wasn't and I was trying to think at the time. I am not even certain that Israel's direct participation had been briefed to the OSG. This was knowledge that Israel had in some way, supported, but I don't think that we had been told that Israel was directly involved in the initial shipment or anything that we have subsequently learned of Israel's direct involvement.

I know at the time when I heard the first press coverage and the President made the statement, "no other country was involved", by that time, we did know that Israel had been involved and I was quite concerned until The White House [redacted] came back and made the correction. But I don't specifically recall [redacted] if we had information that directly related to Israel's involvement in the first, I think it was the October of 1985 shipment.

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Q Specifically, Secretary Armitage, do you recall him discussing Israeli shipments?

A I believe he did. Now that you mentioned that, I believe he said something about Israel wanted replacements, so, yes, I do recall.

Q Was this during this meeting where you went over the draft of the speech, or was it prior to that?

A It was either then or the day before he was to testify with Director Casey. We had another meeting, and I scared the Hell out of him. He commented about that. But I am not sure whether it was at the time of the speech or before the testimony, but he did mention at some point the Israelis were quite anxious to get their missiles, their inventory renewed.

Q Did he indicate he knew that at the time, or is this something he just recently learned, or did you get --

A He certainly knew at the time, this was something that he mentioned as though we all knew it. So, it was obvious from the way he said it that he had known it for some time, at least it appeared that he had known it for some time.

Q Now you say that you met before the Casey testimony, which was on November 22, 1986.

A Yes.

Q Was this a meeting of OSG?

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A Yes, it didn't relate to the testimony, it was just the day before.

Q Did you see a draft of Mr. Casey's testimony?

A No, I did find out that there were several people that had been working on the draft, both ~~I think~~ North and Earl, ~~and perhaps~~ Secretary Armitage, ~~who~~ had not been working on ~~it, I don't think on~~ Casey's statement, but on his own. ~~but~~ They were trying to put together a chronology. By the way, at none of these meetings did anyone ever mention in any way manipulating or falsifying or in any way making a mis-or false statement on chronologies. That was never mentioned in the OSG.

Do you have the date on that, when that testimony --

Q Casey's testimony was the 21st of November.

A Yes, the OSG meeting on November 20th, 3:00 o'clock the day before.

Q And do you recall how the subject of Casey's testimony came up?

A Well, the subject of, there was concern about the accuracy of the statement ~~some~~ the President had made, and trying to put this thing together; because of the questions that OSG had raised by this time, there was a great deal of dissent on the part of the State Department over the manner in which information was being put together.

Q Can you explain that to me?

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A Jerry Bremer was just about throwing up his hands and saying "This doesn't comport with what we believe", and this is when I told those assembled, something of this order, I said, "Gentlemen, I have testified hundreds of times before hearings, grand juries and courts, and the Congress, let me tell you one thing, before you go up there, you make sure everything you say is absolutely accurate, and if you don't know it is accurate, don't say it."

And Rich Armitage said, "You are scaring the hell out of me." I said, " Good, that is what I intended." That was the reason that this sticks out, because it was the day before Casey's testimony, which has later come to be so controversial.

Q When you say Ambassador Bremer was concerned, did he say what specifically State disagreed with?

A I hadn't seen Director Casey's testimony; he had, I didn't know what he was concerned about. He was saying it was wrong, it was in error, and I had not seen ~~the substance of~~ it, and we didn't review it, as we had the President's speech. So I don't know specifically what he was referring to, but it was my impression, let me make sure -- it is my impression it was to do with the Israeli involvement and timing of this involvement and whether or not there had been in fact a Presidential finding.

Now, that is my impression and recollection. If you talk to Jerry Bremer, it may not be what he was primarily concerned with. That is my recollection.

Q Did he specifically mention 1985 shipments?

A I don't -- I think he mentioned the Israeli connection, and Israeli involvement, but I don't remember him specifically mentioning dates and shipments and so forth.

Q Did Ambassador Bremer mention whether or not this situation was being worked on by anybody else at State, with anybody at NSC?

A Well, there was general discussion between Defense, State, CIA, and NSC. I was sort of odd man out there, about trying to get all the information together, get it down, make sure that the chronology was accurate. And there had been a review back and forth between State and NSC or CIA obviously, because it was Mr. Casey's testimony. I was not privy to that, but that was the subject matter that was ongoing. That is when I simply made my gratuitous statement, make sure it is accurate and so forth.

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Q Was Colonel North late to this meeting? I know that is probable.

A I don't remember. On many occasions, various of us were late and they would simply go ahead, and we would simply go ahead and we would catch up. Bob Earl or Coy would start it up. I don't remember.

Q When these concerns were raised, by Ambassador Bremer and others, did Colonel North manage any statement to the effect that these are being taken care of, or someone else is doing this, or did he argue the substance of it with them?

A No, he didn't argue the substance, he indicated it was being worked on, it was his impression it was going to be corrected, but it was a matter of confusion rather than intent and the chronology was going to be put together accurately before Casey and Armitage went up to testify.

MR. McGOUGH: Was there a draft of the chronology at the meeting?

THE WITNESS: I don't remember seeing one, and I didn't personally see one. It is possible that they had it in their possession, but didn't pass it around.

BY MS. NAUGHTON:

Q Did you ever see one?

A No, I am sorry, I did not. I couldn't have given much help because I was not privy to the activity until July of 1986.

Q Was there any other discussion relative to Casey testifying?

A No, other than Mr. Armitage was quite concerned. He said, "you know, Secretary Weinberger hated this, he was opposed to it, and ~~because~~ he was very concerned about the impact of this." So just general comments that it was a very unfortunate situation, that to ~~have to~~ have the United States put in this particular type of position. Publicly reveal that we had, in fact, shipped arms.

Q Did you receive any reports after Mr. Casey testified regarding his testimony?

A No. Well, I didn't receive any. I heard comments in the newspapers that there were -- it was almost an immediate concern on the part of Congress as to its accuracy, other than that, officially I heard of nothing.

Q Did you at any time ~~visit~~ advise Colonel North to retain an attorney?

A No.

Q For any reason?

A No.

Q Do you know of anybody at the FBI who did?

A No.

Q Do you know anybody at the Department of Justice who so advised him?

A Not to my knowledge.

Q Did he ever say to you that he had been advised by anyone to retain an attorney?

A No. After that meeting, before Mr. Casey's testimony, I only talked to Colonel North one more time, that was on the telephone the morning that he was terminated in his employment & sent back to the Marine Corps. ~~and~~ He simply related to me that he had been reassigned, and Admiral Poindexter was resigning, and there would be a news conference with the President and Attorney General Meese at noon. That is my last contact with Colonel North as of this date.

Q If I can I want to back up a little bit before we get to that.

What was the state of your knowledge, as of this weekend, regarding the Attorney General's activities in trying to take on this fact-finding inquiry about what happened?

A I wasn't even aware of it until Monday when [illegible]ector Webster mentioned that on Friday he had had a conversation with the Attorney General, and had offered FBI assistance, and the Attorney General had said that he didn't think it was needed. We had a meeting with Director Webster and myself and Mr. Clark~~e~~ on Monday evening.

Q Let's back up.

He told you Monday morning that he had discussed this with the AG on Friday; is that correct?

A Yes.

Q What did he tell you that the Attorney General told him about?

A Just that the President had asked him to look into the facts and make sure that they were accurate because by this time there had been, as I said, a great deal of concern about whether Mr. Casey was giving or had given the right information, and the Attorney General had advised that the President had asked him to look into it, and the Director had offered or asked if any FBI assistance was needed. And the Attorney General had said, "no, not that I know of"; "can you think of anything"; and the Director said, well, not that he knew of either.

This, of course, was before there was any knowledge of the connection with the contras or infamous smoking gun memo on the diversion. And as I say, I knew nothing further until the Attorney General's comment on television, except that the conversation I had with Colonel North that morning, that he was leaving, that Poindexter had resigned, but I did not know of the contra connection or the diversion until I heard the Attorney General on television. It had never been mentioned by Colonel North even the day he left.

Q Do you know whether or not Director Webster, after that conversation with Attorney General Meese on Friday, spoke to him subsequently from Friday and Monday?

A Well, I have no direct knowledge, although in [illegible] ~~presenting~~ Judge Webster for his confirmation he indicated that he had not. So except for what he said to me, I have no direct knowledge, and he, in fact, said he had not.

Q Now when you met on Monday morning, I gather this was just a short coversation with the Director in terms of what the Attorney General had told him?

A The Attorney General's speech was on Tuesday; wasn't it?

Q Yes.

A I don't think we met on Monday. I think it was Tuesday after the Attorney General's speech and he mentioned the Attorney General's comments to him, and indicated that he thought we ought to be prepared to get into the case. We started preparation next morning.

In fact, the Director was out of town, the Attorney General reached him by phone & asked us to enter the case.

MR. McGOUGH: What date was that?

THE WITNESS: Wednesday morning.

BY MS. NAUGHTON:

Q When did the Director say you should prepare to get into the cases?

A Tuesday after the Attorney General's -- afternoon after the press conference.

Q Now, when you and the Director and Mr. Clarke met Monday evening, did you discuss this issue?

A That was Tuesday evening, thatis what I said my recollection -- it was Tuesday evening that we met about being prepared to get into the case. That is the reason I went back and said when was that. It was Tuesday evening.

Q When the Director said this, what facts or what were you waiting for?

A Well, the reason for us,obviously, thinking we would probably be asked to enter the case, was the implication of there being a diversion of funds, which there was, at least at the time, the possibility of being government funds to the contras, and so at that point we wanted to be prepared to quickly enter the case if we were so asked.

Q But, what I am getting at, you were waiting to be asked by the Department of Justice to enter the case?

A No, I think the Director, after the conference, had made contact with the Attorney General and the Attorney General had indicated he was asking the Criminal Division to examine the predicate, and we should stand by.

That is when he called for me and Mr. Clarke and indicated to us we should be prepared to quickly enter the case and, in fact, it was the next ~~meeting~~ day when we ~~developed~~ received the official request. He had been in contact with the Attorney General that afternoon.

Q For how long were you involved in that process, you recused yourselves?

A The next day, when we actually were asked into the case and it appeared the basis for it would be action on the part of John Poindexter and/or Colonel North. In view of my direct liaison with the NSC on terrorism matters, I discussed it with Judge Webster, and, from the standpoint of perception, we thought it would be best if I recused myself, and I did so that day.

Q That was Wednesday morning?

A Yes.

Q Prior to your recusal, was there any discussion of securing documents?

A No, ~~we~~ there were not. I recused myself immediately upon us being asked to enter the case, there had been no discussion of securing documents at that time.

Q Have you been interviewed by an agent assigned to the independent counsel?

A Six times.

Q They are getting back to you?

A Probably again. I have been on both sides. I would rather be doing the interviewing, rather than being interviewed.

Q I was supposed to ask if 1069 was a Swiss bank account?

A That is a day that will live in infamy in the Bureau's lexicon. ?

Q Did you ever tell Colonel North, that you can recall, I am specifically concentrating on this weekend between November 20 through 25, tell him that there was a probability that his phones or Mr. McFarlane's phones would be bugged?

A I had no conversation with him at all. I certainly wouldn't have said anything like that.

Q Do you recall ever saying anything like that?

A No.

Q Do you know if anybody at the FBI ever said anything to him to that effect?

A In fact, that has no credibility, because everyone knows that there is only way -- two ways to get a wire TAP ~~[illegible]~~; one is through FISA ~~[illegible]~~ and one by Title III ~~[illegible]~~. There is no basis for that.

Q I take it then, just to make the record clear, you did not speak to Oliver North on November 22, 1986, a Friday?

A No, the last time I spoke with him, other than the phone call, was the OSG meeting on Thursday, unless he called me on Friday for something, and I have no recollection of him doing so. ~~But he called Friday~~. If he called it had nothing to do with anything other than terrorism, but I have no recollection of him calling.

I don't want to say no and then come back to the fact he had called me, but I have no recollection of a call, for certainly I know that there was no discussion of this situation. So the only call I did receive was the morning of his departure.

Q By the way, in any of your conversations with him, throughout October and November, did he ever indicate to you that he, as a matter of course, was shredding documents pertaining to the Iran initiative?

A No, Mr. North had a very healthy respect for me, individually, and the FBI. He never raised anything that would indicate any sort of illegality or any criminal conduct. He never advocated any criminal conduct. He never even pontificated about criminal conduct.

I am the last person he would have ever raised the destructions of documents with.

Q I am not specifically talking about criminal conduct, his testimony is, you may be aware, is that he was shredding in the normal course, preparing for his departure from the NSC, and, therefore, was getting rid of documents.

A Until the morning that he left, I had no idea that he was even leaving.

Q He never mentioned to you his plans of being reassigned as a matter of course?

A No, he never mentioned anything to me about shredding documents or destroying documents, or in any other way concealing information.

Q If we can go to your conversation of the 24th, then of November 24th, did he call you or did you call him?

A I called him and then he called me back.

MR. GENZMAN: 24th or 25th?

THE WITNESS: The morning that he left, the morning of the press conference.

MR. GENZMAN: The 25th?

THE WITNESS: Yes,sir.

BY MS. NAUGHTON:

Q Thank you.

Why did you call Oliver North?

A There had been an awful lot of comments over the weekend about North and his role. This thing was,obviously, unfolding in the news media, and I was calling him to give him a pat on the back and say, hang in there, Ollie, and don't let them get you down; and he broke it to me that he had been reassigned,and Poindexter; he called back, then told me that.

Q So you talked to him on the morning?

A Yes, just about, I think 11 o'clock, just before the press conference.

Q What exactly did he tell you, to the best you can recall?

A Just exactly that, a very short conversation---

Q Did he say he had been fired, or did he say---

A Had been reassigned.

Q What I am getting at, is this something that they allowed him to do, did you get the impression they were allowing him to request reassignment?

A I got the impression that he had ~~been~~ asked to be reassigned. Now that probably is inaccurate, but that is the impression he left with me. And that Admiral Poindexte had reassigned of his own accord.

Q Did he say who it was he dealt with regarding reassignment, who told him, I think it would be better---

A No, it was a very short conversation. We didn't get into that. He told me that the President and Attorney General would be having a press conference. I knew the Attorney General had been involved in this so I just made the assumption that the Attorney General had probably indicated he ought to leave, but I don't know for a fact.

Q Did Colonel North, you say he never mentioned anything about the contra diversion in that conversation?

A No, I didn't know about that until I heard the Attorney General mention it.

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Q Didn't you think it was peculiar then he was resigning?

A No.

Q Over the Iran initiative?

A No, because I thought it was such an egregious deviation from our policy when ~~I~~ They undertook this that when it became public, that those who had in any way been involved in it would probably be leaving. So it seemed to me to be quite consistent as this unraveled that those who had advocated or supported it would probably be leaving even though there had been a Presidential finding.

Q Did North mention to you whether or not there had been a plan to make him a fall guy, or did he refer to himself as a scapegoat or fall guy?

A No.

MR. McGOUGH: Is that no?

THE WITNESS: No.

BY MS. NAUGHTON:

Q Did Colonel North ever refer to Director Casey in his conversations with you or in your presence?

A Oh, yes. But he also referred to the Attorney General. He also referred to Bud McFarlane and John Poindexter, because we were discussing issues of [redacted] intelligence community counterrorism involvement. He never mentioned to me any special relationship with Director Casey or that he was working under any orders or any special relationship, but certainly he mentioned that Director Casey had said this or wanted this, was interested in this, things of that nature.

Q Did he ever refer to him as Bill?

A No, not in my presence. Nor did he refer to the Attorney General as Ed. He ~~always~~ said "Attorney General" or "General Meese."

Q Did he never indicate to you that the State Department should not be told about any certain activities or anything like that?

A No, he had a very substantial skepticism about the ability of the State Department to do anything or keep anything secret, although I think he did respect both Ambassador Oakley and Ambassador Bremer. We had worked on a number of issues together, a number of activities relating to terrorism, but in general, it was obvious that he had held the State Department bureaucracy in disdain.

Q Were you, after the Hasenfus crash in early October of 1986, were you aware of the request made by Members of the House of Representatives for an independent counsel to look into that matter?

A Yes, at some point, I am not exactly sure when, but I do recall seeing it. I get daily clips, and also read three newspapers every day, so I knew at the time that it was

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made public that there was comment in that regard.

Q Are you aware that the bureau was gathering materials for review by the Department of Justice to see if an independent counsel was warranted?

A The only thing that I saw later was the Mary Lawton comment, that was reflected in a note, that I didn't see at the time that went to Director Webster, that came out during his confirmation hearings. No, I was not aware of that -- that I have no recollection that [redacted] I was told individuals in the bureau were collecting information specifically for that.

It doesn't surprise me because that is what they should be doing when they see Congress advocating public record information or information in our files that would be related to that.

Q But that collection did not go through you?

A No.

Q Were you aware of a case by the name of Kellso out of Colorado. This is a person who was convicted of conspiracy to sell arms to Iran. He received a probationary sentence [redacted]?

A I don't believe so.

Q He eventually got involved with John H~~a~~ull down in Costa Rica?

A No, if I ~~say~~ saw something on that, I have no recollecti

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and if I saw something, it would have been something very -- I have no specific knowledge of it.

Q I know you have been out of the country,and so forth, but from what you have been able to read about the hearings and watch on the hearings, is there anything that any of the witnesses,in particular Colonel North, have said, that does not comport with your recollection?

A Well, ~~[illegible]~~ one ~~[illegible]~~ that apparently didn't come out, the phone call he made to me in regard to the Southern Air Transport, and Customs. Our congressional affairs people found out there was a memorandum that he had written which indicates that he had contacted me in regard to the concern with the Customs inquiry, and that I had informed him that the Attorney General had, I don't know how it was described, related, in fact, that he had frozen the FBI case and any investigation by FBI of General Secord and the contras.

~~[illegible]~~ I had, in fact, ~~[illegible]~~ referred him to Mr. Trott. Well, part of that is true. But part of it is not true. He did call me. He did tell me that General Secord had called him and was concerned that the Customs subpoenas would reveal that Southern Air Transport had been involved in the Iranian initiative, and that they still hoped to carry out a part of that initiative with the release of hostages, and he was going to call Customs.

I told him not to call Customs. The matter was under criminal investigation and advised him to call Steve Trott. I then called Steve Trott and told him about the call and told him North would probably be calling him.

I later confirmed with Trott that North did call him. He mentioned Secord, he mentioned Southern Air Transport, he mentioned the Iranian initiative. He never mentioned Secord and the contras. He never mentioned the contras whatsoever. That was apparently in his PROF note. I guess he wrote it to John Poindexter. That is absolutely inaccurate. I haven't seen his testimony. All I have been able to do is catch bits and pieces of it, and that is the only thing specifically I know that directly relates to me or my knowledge that was inaccurate.

I am sure there may be other areas where that might be the case.

Q Okay, thank you.

That concludes my questioning, and I hand it over to Tom.

EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

BY MR. McGOUGH:

Q Mr. Revell, my questions are going to be all over the lot because I am going to go through my notes, if I could.

There is, however, one area I would like to cover in

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a little bit of detail, and that is the fake Saudi prince eposide, and the prince has been referred to by various names. He used the alias [redacted].

We have examined some correspondence that you provided to the Select Committee on Intelligence, one of April 17th?

A Yes.

Q A letter of 1987 to the committee?

A Right.

Q Also some of the back-up documents. For the purpose of this deposition, would you just relate your first contact with that investigation and Colonel North's involvement therein.

A All right. This I don't think I need to set the stage for this, although I think my letter to Senator Boren does that.

Q This would be a letter of April 17, 1987?

A Right, on April 11, when I received the phone call from Mr. Jamar, J-A-M-A-R, ~~which [illegible]~~ CHIEF of the White Collar ~~Criminal~~ Crimes Section, he asked me if I recalled a case, fraud case in Phila delphia Division, wherein I had a call, received a call from Colonel North, at the time of his call, I ; ~~I~~nitially ~~I~~ had no recollection of it whatsoever. He then indicated that it had to do with a fraud case involving an individual who was supposed to be involved with collecting, or involved in the Middle East, and to have some knowledge of the hostages, and so forth.

As he discussed it with me on the phone, this had come to his attention during ~~at~~ the Director's confirmation hearing, and a general inquiry that headquarters had made of these areas for the hearings. I did recall that I had, in fact, contacted the United States Attorney's Office in Philadelphia about a case, an FBI case, ~~at~~ approximately a year ago, ~~under the specific dates~~ a year ago at that time -- to ascertain if an individual who had been interviewed by FBI, and who was subpoenaed to testify, was going to be asked any questions about the hostages.

Q The individual about whom you were inquiring was Richard Miller?

A Right.

Q And how did Mr. Miller come to your attention?

A Well, when Mr. Jamar indicated those facts to me, then I, in fact, did recall that I had made a contact with an Assistant United States Attorney in Philadelphia, at the behest of Colonel North, and his name, Mr. Miller's name, had come to me from Colonel North, who had called me and said that Richard Miller was a consultant to the State Department and NSC on the hostage situation, that he had been subpoenaed by FBI agents to testify before a grand jury in Philadelphia, and that he was concerned, that Mr.

Miller was concerned that he might be asked questions about his activities on behalf of the government in relationship to the hostages, and thereby reveal these very sensitive ongoing negotiations.

Colonel North asked me if I, since it was an FBI matter, if I could inquire and determine if there was going to be any questioning of Mr. Miller by the Assistant United States Attorney.

Q Did he indicate why he was asking you to do that as opposed to Mr. Miller's attorney?

A Well, Mr. Miller's attorney presumably would not have known about the secret United States Government activity on behalf of the hostages.

Q And how about why he was asking you do it instead of someone at the State or someone at NSC?

A It was a matter for the FBI and a matter under investigation that would not have been the way to go. I was the FBI contact on these issues. It would have been inappropriate to go through any other channel, and his contact with me since it related to an area of our jurisdiction, meaning the hostages, and to a case under our investigation, meaning the fraud case, was entirely appropriate.

Q In the course of your conversation or conversations with Colonel North on this matter, did Colonel North mention any connection between the target of the investigation, the

Saudi prince, and any activities in Nicaragua or Central America?

A No.

Q Did he mention any potential use of funds generated by any transactions under investigation?

A In the first place, he never even mentioned the Saudi prince. All he mentioned was Miller had been subpoenaed. I didn't learn about the Saudi prince until I talked with the White Collar Crime Section and found out what the case was about, found out Miller was a witness, not a subject, and that it was an FBI case. I had the Criminal Investigation Division White Collar Section contact the United States Attorney, arrange for the Assistant United States Attorney to come to the Philadelphia office, and to talk to me on a secure phone. The reason I did it personally is because I had been very aware and concerned of anybody intervening inappropriately in any FBI activity, and since I had the responsibility for investigations and the relationship with the NSC, I chose to do it myself after checking with the Criminal Investigation Division.

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Q Was there any discussion, I want to focus on your conversation, with Colonel North at this time, any discussion by Colonel North of any relationship between the principals or Mr. Miller or any of the transactions in which Mr. Miller was involved?

A He never mentioned the principals.

Q Any discussion of Mr. Miller or anyone involved in the case also being involved in matters in Nicaragua or in Central America?

A No.

Q I am speaking of Colonel North discussions with you.

A Colonel North discussions with me, the only thing he mentioned was Mr. Miller was a consultant to the State Department and the NSC on the hostage situation, that he had been subpoenaed by an FBI agent to testify, in a fraud case, and he was concerned that his activities on behalf of the U.S. Government might be pursued before the grand jury and therefore unintentionally and inadvertently reveal there was an ongoing effort. He did not mention the contras. He did NOT mention Iran. He did not mention any other issue except the hostages and the testimony by Mr. Miller before the grand jury.

Q So he did not mention Central America?

A No.

Q Did not.

You brought it up through I believe a secure telephone call you had?

A Yes.

Q With the Assistant U.S. Attorney?

A In fact, the Philadelphia office and the CID arranged for me to talk with Mr. Nicholas Harbist, as I recall. Mr. Dennis, the U.S. Attorney was in the office. I chatted with him for a minute or two on a secure phone and then I talked with Mr. Harbist. I am sure you must have Mr. Harbist' memo of the conversation.

Q Yes.

A I have reviewed that memoranda and it accurately reflects our conversation.

As you can see from the fact that when I mentioned to him Miller, he described what Miller is -- I had no idea what Miller was. He described Miller as president of international business and so forth, and is a potential witness. Then I told him that Miller was used, I think I probably said that he was a consultant, he said was used by the White House and NSC concerning the hostages. I have no recollection of mentioning the name of Dussey. He probably put that in. I don't think I knew the ~~[illegible]~~ name of the so called Saudi Prince. It is correct in that I explained it was potentially sensitive because the hostages were still being held and efforts were being made to obtain their release. That is accurate then. I inquired as to whether he intended to question Miller in that regard before the grand jury, and I also told him that ~~the FBI~~, Miller was not authorized by FBI or NSC to commit any crimes, that is all.

He told me that Miller was not a subject, which I already knew, but a witness, and that he had no intention of going into anything to do with the hostages, and in fact, they had already, he and Mr. Miller's attorney, had already reached an agreement Mr. Miller wouldn't even be testifying before the grand jury.

So, the specific reason for any contact was totally assuaged by his response, ~~and~~ he then raised a couple of other points, that I commented on which are in the memorandum, and that ended it.

Q Now, Mr. ~~Hasbug~~ Harbist did mention to you that there was a Central American aspect to this situation?

A Yes.

Q Will you elaborate on that?

A He mentioned there was supposedly an oil deal in El Salvador and there is always, in dealing with international con men, there is always a pot at the end of the rainbow. I said that is hogwash, we are not concerned about Miller talking about that, so, pursue that, we have no problems with that, my only concern is with the hostage

m4

situation.

And then he brought up what about the hostage situation if we have to go to trial? I said we will have to handle that at the time. Hopefully we will be in a better position on the hostages by then.

After this was over, I informed CID that this wasn't a problem and later I don't remember exactly when, but I think it was within the next day or two told North that Miller wasn't going to be questioned about the hostage situation.

Q And in the final conversation with North, there was no discussion of anything to do with Central America?

A No.

Q Did you relate to Mr. ~~Harbey~~ Harbist information there was an oil deal in El Salvador involved?

A No., This information was relayed to me by him.

Q I want to go to something we talked about at the first deposition or first session of the deposition, that was the involvement of the Drug Enforcement Administration in an attempt to locate and/or rescue hostages in the Middle East.

I believe, correct me if I am wrong, that you said, to the best of your knowledge, Attorney General Meese was aware of the DEA involvement in this project only after the fact. That is what my notes reflect.

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A Well, that is not quite accurate because I later, I think when I was here last time that I was aware that Mr. Lawn, the administrator of DEA, had gone to the Attorney General on this issue.

Q I don't want to mislead you. My notes show that you said that, to your knowledge, the Attorney General was aware of the DEA involvement only after the fact, you were aware that Director Lawn had indicated to Judge Webster that Meese, the Attorney General, was aware in advance of the involvement. I don't want to mislead, what I really want to follow up, what was the basis for your understanding or your awareness of the Attorney General's knowledge?

A I have none.

Q Did you ever discuss the matter with the Attorney General?

A No, I did not.

That is the reason it is the way it is stated back to me. It would surprise me if I said that. That is a total assumption on my part because I later found out, at least through hearsay, that Mr. Lawn indicated he had discussed it with the Attorney General. Specifically I never had any discussion with the Attorney General about it whatsoever. I furnished you a copy of my memo confirming my conversation with the Director on that, did I not?

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MS. NAUGHTON: On Charlie Allen?

THE WITNESS: Yes, sir.

MS. NAUGHTON: Yes.

BY MR. McGOUGH:

Q Again jumping to another subject, I believe you said, I don't want to hold you to the date, but, my notes show on November 13, you believed that you were outside of the door at ~~the Customs~~ NORTH's office and that you saw Mr. Rosenblatt of the Custom Service.

A Yes, sir.

Q Did you talk to him at that time?

A No, as I walked out of the office I said hi .. Bill, how are you doing, shook his hand, that was it.

Q You didn't ask why you were there or why he was there?

A No, that is not the way you do things. I certainly wouldn't tell anybody why I was there and vice versa.

Q You may have answered this question, did you discuss with Colonel North why Mr. Rosenblatt was there?

A Colonel North mentioned he was still concerned just before I went out, that the Customs investigation inadvertently might reveal the hostage initiative and that he was meeting with a Customs official. Then I walked out and Bill Rosenblatt ~~is~~ was there, so that is it.

Q Let's turn to the, really what we started off

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with today, that was the discussion of the Miami Neutrality Act case, and in particular if you could pull those papers out, I just had a few questions relating to them.

A I think you have exhausted my knowledge but I guess we can try again.

Q Get your second wind here, how about that.

A Okay.

Q First my question, do you recall who the Deputy Secretary of State was that Mr. Jensen supposedly got the inquiry from?

A I believe it was, no, it was -- it was the deputy at the time but I am not sure I don't recall his name being mentioned.

Q In your conversation with Judge Jensen or in your briefing to Judge Jensen, did he mention to you an intention of briefing the NSC?

A I think he indicated he would be talking about IT ~~them~~ at the White House, but I don't remember him specifically saying the NSC.

Q Did he say who at the White House?

A No.

Q Did he say why he would be talking to people at the White House?

A He had indicated there was a very high level of concern at the State Department and White House about

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this threat and that they had made inquiries and that he wanted to be in a position to respond to their concern.

Q Now if you look at this, would be the memo from Mr. Klein to you.

A The note.

Q The handwritten note, yes, which was received in your office on what is the date on that?

A The original here.

Q Give me the copy.

A March 27.

Q Of '86, okay. March 27 of '86. The note reads does it not, this is from Mr. Klein, this is probably what North was talking about, this is the letter you were giving to Jensen to be discussed with the NSC.

A Yes.

Q Now, did you tell Mr. Klein that you had given Judge Jensen the memorandum quote "to be discussed with the NSC"?

Did you mention the NSC?

A My recollection is that I told him I needed a paper which is what I received, because the Deputy Attorney General was going to be briefing people at the White House on this problem.

I don't think I mentioned the NSC, and I don't recall certainly any particular name was mentioned. However,

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in these areas, the NSC is normally the focal point, so, perhaps Mr. Klein simply assumed it was NSC or perhaps I mentioned to him NSC, but I have no recollection of Mr. Jensen saying he was going to be briefing anyone at the NSC.

I do specifically recall him talking about the State Department and people at the White House. I don't recall him mentioning anyone in specific, John Poindexter, or Don Regan or anybody by name other than the Deputy Secretary of State.

Q Were you surprised that the memorandum found its way into Colonel North's hand?

A I was a little antagonized because, not that he couldn't have the information, but it simply should have come from us.

Q You were aware at that time, were you not, of Colonel North's handling of the contras account?

A Well no, I was aware that he was, that he was... Yes and no. I was aware that the NSC had taken on certain responsibilities because of the prohibition against the CIA. Otherwise, there was ~~a~~ Colonel North was speaking in public that he was eliciting support for the contras. I had no idea that they were involved in any sort of covert operation or anything of that nature, so, I can't answer yes or no. I was aware of certain things ~~and I was aware~~

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~~of certain things~~ and I was aware that he was the focal point within the NSC. He never discussed those issues with me other than the cases or items that we have mentioned.

Q This was approximately the time, was it not, when he was receiving threats or talking to you about his possible threats and active measures?

A I am not sure, if you have got the other memo.

MS. NAUGHTON: That was when he was interviewed in May.

THE WITNESS: It is two months later.

MS. NAUGHTON: June of '86.

BY MR. McGOUGH:

Q If you look at page 3 of the memorandum that is attached to the Klein note, in the first full paragraph, it says developments have been promptly disseminated to interested affected agencies, including the Departments of Justice and State, CIA, ATF, [redacted] and the Immigration and Naturalization Service.

It doesn't mention there either the White House or NSC. Would you have viewed that when you received this memorandum as an oversight, or should the White House and NSC have routinely been put into that loop?

~~A~~ The NSC should because the National Security Council specifically Colonel North by executive order, NSDD, was the coordinator for international terrorist matters of the U.S. Government, meaning that anything relating to international terrorism, Certainly assassination of ambassadors by a terrorist group, would have ~~followed~~ fallen ~~even~~ within that NS~~C~~DD and probably in fact they had received it, I don't know for a fact but normally, there is a block and you simply check the agencies, for which there is a dissemination of the teletype information, Reams of it goes out every day from us and to us, ~~so~~, on intelligence and terrorist matters.

And let me point out, that in intelligence we hold nothing back from the NSC that we provide to others if there is an interest ~~so~~ and NSC is the central coordination point for that type of information.

Q To your knowledge were any steps taken to put the NSC into this loop as a formal matter?

A As a formal matter, as I said, I had certain discussions at the OSG on the threat. I found out ~~that~~ from Mr. Jensen that he was briefing people there, so no, I didn't take any steps to put them in because they in fact were in the loop.

Q I mean here is a group of agencies that are being promptly notified of developments, really is a matter apparently of course by the investigators, by FBI. I guess my question is if the NSC was properly a part of this loop why steps weren't taken to add them to the list of

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people who would be routinely and promptly notified? Was was there a kind of one-shot briefing?

A I don't know. They certainly were entitled and probably received after this information, but I didn't take any action that I can recall. But I would suspect if you would go and look at it, you will find other communications were in fact disseminated to the NSC on this particular matter.

Q I suspect that is just an assumption on your part.

A They were entitled to information of this type.

Q I understand that. My question is were they routinely provided with the information that was being provided to the other agencies after, say March 23?

A I cannot recall what happened as a result of the note from Mr. Klein. It is very possible that he instructed that they be included but I don't know.

Q You certainly took no steps to routinize the flow of information to the NSC regarding this case?

A No, let me point out that there was a great deal of contact at working levels on these types of matters so what I discuss doesn't mean that is the totality of what is going on within the intelligence community by any means.

Q I understand that, but I am curious why a Deputy Attorney General was dispatched to give a briefing to the NSC on a matter which rightfully should have been a matter of just checking a box on a routing slip?

A Well, in the first place, the information that is sent out via the teletype or cable system would be fragmentary and would not have the type of information that was in the memorandum which was a summary of the investigation and where we stand and where we are going. That is not the kind of information that would have been routinely disseminated.

The intelligence would have been routinely disseminated and that is the reason that someone drafted that although I certainly had no problems providing this, other than that it had been provided outside of our normal channel of dissemination.

I see nothing ominous, it just was a, just a sort of minor irritant.

MS. NAUGHTON: Had Deputy Jensen ever briefed the NSC on any other case, that you are aware of?

THE WITNESS: The Deputy Attorney General was the Department's member of the TWIG. If and when we reached the point of critical mass in terrorist situations, he would go to the TWIG for the Justice Dept. and I would go from the FBI. We were both members of the TWIG. I was the joint representative on the OSG. So I constantly briefed him on OSG. My two points of contact on OSG matters were the Director and Deputy AG. So he was kept routinely informed of OSG activities that were of

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interest or he should have been advised of. His being in that loop was appropriate. I don't know I can sit here and cite for you incidents in which he would have gone over and briefed people at the NSC or the White House, but it certainly wouldn't ~~[illegible]~~ be unusual and he would certainly be asked about these items if we were attending a cabinet meetings or attending an NSP~~B~~G meeting on behalf of the Attorney General.

MS. NAUGHTON: To your knowledge had he ever briefed anyone at NSC regarding a criminal investigation other than this occasion?

THE WITNESS: I have no specific knowledge of that.

BY MR. McGOUGH:

Q Did you ever have any discussions with Colonel North about the individuals in this case, substantively about this case, in particular about the individuals whose names crop up in the memo?

A No, just the fact there was a great deal of concern, that they thought that the threat to Ambassador Tambs was of paramount importance to the stability of the region and obviously to U.S. policy and hoped we were doing everything we could to resolve that. That was sort of a constant thing but never was there discussion of the specific individual. I wouldn't have recognized the name anyway at the time, so, no.

Q To your knowledge was Colonel North ever interviewed by FBI or the Bureau on the allegations of the individuals specified?

A I believe he was interviewed by the Miami office at some point. I don't recall when or I didn't see the results of it, but I think he in fact was interviewed at one point by Miami agents.

Just his name had come up on this piece of paper, so I think yes, he was interviewed at some point in time.

Q When did that piece of paper first come to your attention?

By this piece of paper, I assume we are referring to a chart.

A A chart with names on it.

I don't think it did until the April '87 note. We would have to go back and review the file. I have no specific recollection of it before this note that I showed you. Although it is possible that it was before that but --

Q Would have that been, would the reference to that piece of paper been your first information that Colonel North's name had come up in that particular investigation? I guess what I am trying to do is fix, if you can, if we can, the first time you were aware that Colonel North's name has arisen in this investigation.

A I probably saw some newspaper clippings when there was a flurry of publicity in Miami which I think would have been earlier than this, probably back in mid-'86 sometime. I don't recall ever seeing any official memoranda or any official communications in that regard.

I don't recall receiving any notice that Colonel North was in fact interviewed, although I believe in parparation for Director Webster's testimony that came out that FBI agents had interviewed Colonel North on that particular situation.

Q So are you saying by mid-'86 you would have been aware of that?

A I think I probably --

Q There were allegations.

A Not allegations, His name had come up in conjunction with it, either that civil suit down there or the general issue of the contras and support to the contras in opposition to the contras and so forth. But, I have no recollection of any official communications or any type of documentation. Of course I also knew that he was going out on the public stump and making presentations and speeches about that, so that in and of itself carried no special connotation.

Q I believe you said that Colonel North made two or three inquiries about the case, about this case, to you in particular, focusing on the threat to Ambassador Tambs and the zeal with which the FBI was pursuing.

A I don't recall the number. He certainly mentioned it to me on at least two occasions, perhaps three. It was within a fairly short period of time and it was always in conjunction with the threat, the threat on the Ambassador. He didn't talk about any of the individuals or the other aspects of that case.

Q He did not discuss the Neutrality Act aspects?

A No.

Q I believe you referred to a memorandum prepared by Mr. Clarke for the Director, dated April 7, 1987; is that right?

A April 8.

Q April 8, '87, that was in preparation for the Director's confirmation hearing, was it not?

A I am not sure it was. Perhaps I think it was generated on the basis of this article in Village Voice where they talk about the headline is, quote, "Poindexter Had Meese Kill Probe".

Q When did you first see that memo?

A It came to my office on April 9 of '87.

Q Do you recall reading it at or about that time?

A Normally I would see these notes within 24 hours but I don't --

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Q When if ever did you first bring Colonel North's contacts with you regarding this case to the attention of Mr. Clark or Director Webster?

A His interests in the assassination --

Q Well, those were I understand those were the only reasons for his contact.

A Yes, I am sure it was contemporaneous to the situation. I had sent to the Director the memoranda of March 20 of '86, which outlined the information that had gone to the Department. I don't know that I specifically mentioned to the Director that Colonel North was interested in the assassination plot. That is rather obvious.

Certainly, CID knew of it because they were preparing all of the material, we were the ones in direct contact with all of the various agencies.

Q CID knew that?

A Knew of the interests on the part of the State Department, the Deputy, White House and so forth.

Q But my question really is more specific than that. Did you alert CID or the Director to Colonel North's inquiries?

A This note is in response to an inquiry as to how North obtained this particular memoranda which is about this case. I sent that down contemporaneous to the memoranda. It came back to me March 27. So, at least

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at that point, I had mentioned to the Terrorist Section that Colonel North had raised this issue with me.

Q What I am trying to put together here, and it relates back to the article on the memo of April 8, by April 8 or 9, '87, you were aware that there were allegations that Admiral Poindexter had attempted to intervene in this investigation.

A Let me point out by this time there was independent counsel, I had been recused from the case or recused myself from the case back in November '86, so my involvement was strictly a matter of reading for information. ~~I had~~ Not only did I have no specific involvement, I had no basis for involvement.

So, this was strictly a matter of information for me at the time because there was in fact an independent counsel, and I was recused and the matter was being pursued by the Criminal Investigation Division and the Director was being notified.

My reading of that was strictly for ~~informational~~ information purposes.

Q The answer is then you really did not go to the Director or go to Mr. Clarke and say Colonel North called me on this case.

A Yes, this Mr. Klein works directly for Mr. Clarke. When Colonel North asked me about this, I asked them about

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this, that is March of '86.

Q But more than a year went by, am I correct, until April of '87, then Mr. Clarke was advising the Director.

A The Director also had this.

Q When you say this, you are referring to the memo, the memo of March 20?

A Yes, sir.

Q The Director would not have Mr. Klein's note to you?

A That is correct.

Q If you look at Mr. Clarke's memo of April 8, I don't believe you will see in there a reference to contacts by Colonel North to you.

A Well --

Q Regarding the case.

A The Director was aware that Colonel North was in contact with me on a regular basis, we had regular briefings. It is very possible that I mentioned this to him. There is no reason, since Colonel North was simply saying, in essence, "I hope you all do a good job as quickly as you can." I am in charge of investigations for FBI. I don't tell the Director everything I know and certainly no one in the FBI tells me everything they do. For me to say, "gentlemen, the people in the White House hope you solve this case," would be rather extraordinary. If the

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Director ~~said~~ asked, "Has anybody exhibited any interest?" I would say I got a call from Ollie or John Poindexter wanting to know. But you don't go to the Director every time somebody says, I hope you can get to the bottom of this.

Now if he had come in and said we want you to go out and interview x, y and z, I say would -- that is not what we do and I certainly would have advised him, but, I have no specific recollection of telling him that Ollie North was concerned about this. I may well have, but that was certainly not extraordinary, in fact it was rather routine.

Q This is going to be a little bit redundant but am I correct that you indicated that when Colonel North spoke to you about this Southern Air Transport investigation, that at some point, I believe it was November 14, I certainly wouldn't hold you to that date, he mentioned or indicated to you that General Secord had raised a concern about the investigation?

A Yes, that was the last occasion which was one I referred to Mr. Trott, he called me. I will find the date here, it is --

Q I think we have already established the date.

In that conversation he did in fact mention General Secord.

A Yes, sir.

Q As being involved in this?

A Let me be specific, he mentioned General Secord and contacted him, expressing concern that the Customs subpoena would reveal the involvement of Southern Air Transport. He did not tell me Secord was running the operation.

Q I understand, my next question was going to be what if anything did he tell you about Secord's involvement --

A He didn't.

Q -- in the situation?

A He did not.

Q Was that the first indication you had that General Secord was involved in this Iran Initiative?

A Yes, sir.

Q And you did assume from that that General Secord had some role in the Iran Initiative?

A Yes, sir.

Q At that time you were also aware, were you not, that General Secord had been involved in the Christic Institute lawsuit?

A The information that had been obtained from Mr. Robinette had indicated that, yes.

Q That would have been in July or so of 1986, is that right?

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A I believe that is correct.

Q And at that time I believe you said that when Secord's name popped up in relationship to the Christic Institute and Robinette, that that rang a bell with you because of the EATSCO investigation?

A Yes, sir.

Q When Secord's name again popped up in relationship to the Iran Initiative, did that same bell ring in your head about EATSCO?

A Yes, sir, certainly did.

Q And did any bell ring in your head about the Christic Institute lawsuit or Mr. Robinette's statement? In other words, did you put General Secord into, associate General Secord's name at that time with the resupply activities or alleged resupply. Let me strike that, that is wrong.

Did you make any connection between Iran initiative and the Christic lawsuit via General Secord?

A No, I did not.

Q Did you recall Robinette's prior references to Secord at that time?

A I recall the EATSCO case. I don't recall, I discussed with both Steve Trott and Judge Webster and Secord was involved in it.

Q You say you discussed with them. When would that

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discussion have taken place?

A I discussed with Steve when I advised him that Ollie would be calling him.

Q You mentioned Secord to Steve Trott?

A Yes, sir, I said the information came from Secord, but --

Q Let's focus on that conversation for a second. Did you also mention to Steve Trott, that Secord's name had arisen in connection with Robinette and the Christic Institute?

A No. Mr. Trott was fully aware of General Secord because he had to rule on the EATSCO case.

Q You don't know whether he was aware of Secord's role in the Christic Institute?

A Well, Secord's role in the Christic Institute was a matter of civil suit. It was not an FBI investigation.

Civil Suits can be ~~are~~ brought for various frivolous reasons. That is not something we would base a judgment on whether somebody has any sort of liability, culpability. That particular thing was not an issue with me.

What was an issue with me was his involvement with EATSCO and this brought out to me that there were people outside of government dealing with this issue which I was not aware of at that time either. To my knowledge this had been a CIA covert operation, I had no idea there were independent contractors involved.

I told the Director two things. I told him that one, the initiative was continuing and two, that Secord was involved and that was a surprise to both of us.

To Trott I didn't mention anything. It was a very short phone call. I simply told him ~~related~~ about the to phone call from Ollie, ~~and~~ that Ollie would be calling him and that General Secord had raised with Ollie this issue on the Customs subpoena. So there was not any in-depth discussion of the relationship of Secord to any other activities, EATSCO or to North or anything of that nature.

Q I guess the investigation being conducted arose out of the crash of the airplane that allegedly was involved in resupplying the Nicaraguans.

A We knew in fact it was not a Southern Air Transport airplane and that in fact it had not taken off from Miami.

Q I understand you had a lot of facts, at least the investigation itself was into an alleged resupply operation of Democratic Resistance.

Colonel North gets on the phone to you, and in the context of this Southern Air Transport operation mentioned for the second time in about three months, or four months, General Secord as being somehow connected or related to SAT and the Iranian operation.

A No, no, North didn't mention to me for the second time about Secord being connected to the SAT. The first time I ever heard of Secord and SAT was the phone call in November.

Q You are right about that, it was just for the second time in about four months North mentioned Secord to you.

A I don't remember, I think if you go back and review, I don't remember if North mentions Secord. Secord's name came in next as a result of information from Robinette, it is possible he did but I have no specific recollection that he mentioned Secord.

Q For the second time in four months, Secord's name has ~~noted~~ floated to the surface of the lake, once in connection with Robinette-Terrell and the Christic Institute lawsuit, once in connection with the Iranian initiative and Southern Air Transport, Southern Air Transport, am I right so far?

A Yes, sir.

Q Southern Air Transport is the entity that the FBI is investigating to determine if there is a link between Southern Air Transport and the airplane?

A That is incorrect. We were investigating the C-123 that went down in Honduras.

Q The C-123 was involved in the alleged contra resupply efforts.

A Southern Air Transport was involved in that

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investigation, but we were not investigating Southern Air Transport.

Q I understand that.

A Because we had determined that in fact the air crash was not a Southern Air Transport airplane. Southern had done maintenance on the aircraft that had departed from El Salvador when it crashed in Nicaragua. So you can quite imagine that easy interpretation that there was some sort of nefarious connection between the Southern Air Transport and the C~~K~~-123 that crashed and the fact that Southern Air Transport was providing some sort of support for the Iran initiative. This doesn't quite flow that easy.

Q I will grant you that.

You had Secord's name come to the surface with Robinette, Terrell, and the Christic Institute lawsuit. You had Secord's name being mentioned in connection with SAT, the Iran initiative. You had the plane that had gone down on the alleged contra resupply effort, tracing back at some points or at least records tying the plane at times in the past to Southern Air Transport. Did it seem to you that Secord's involvement with Southern Air Transport might be something in the neighborhood of a lead that might be important to your investigators in looking into the Hasenfus crash?

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A The Secord connection was of concern to me because his reputation was one of an arms dealer. He was a civilian, he was no longer in the military.

This was the first to my knowledge of the -- any involvement outside.

Frankly, the Christic Institute suit was not something that I even focused on. His involvement with Southern Air Transport was of course of interest and concern because of that prior knowledge, so, I can't go back and say because of Christic Institute I can simply say of EATSCO and the outside involvement of a non-CIA or government person, in the Southern Air Transport involvement with the Iran initiative, was of concern but no, I did not make the connection with the Christic Institute suit that --

Q Let me ask you more directly, did you make a connection between General Secord and the plane that went down with Hasenfus on board?

A At that time I knew that Southern Air Transport was in fact not the owner or proprietor of that aircraft and that the plane had not left from U.S. soil. North did not tell me that Secord was involved with that C-123. He ✓ indicated that Secord had called about concern from Southern Air Transport because Southern Air Transport had been involved in the Iran initiative.

Q But my question still is, did you make that

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connection between Secord and the 123?

A No. The connection specifically, no. The concern about the General's involvement, yes.

Q But the General's involvement in what, in the Iran initiative or the contra resupply?

A In the Iran initiative.

Q Did you make any connection at all between Secord and the contra resupply efforts?

A No.

Q Even though Secord was --

A I knew of no contra resupply initiative. Again, you are sort of hindsight wrt ~~as~~ to ~~as~~ what we knew, we didn't know there was ~~a~~ contra resupply initiative, what we ~~[illegible]~~ knew was a 123 aircraft had left El Salvador, and had crashed in Nicaragua. We knew of no resupply out of the United States. We knew of no specific ~~[illegible]~~ violation of ~~neutrality~~ at the time, neutrality violations, although we were investigating the possibility.

Q But you were aware that Hasenfus was an American.

A Yes, sir.

Q You were aware that he was making allegations this was more than a month after his fall from the sky, you were aware he was making allegations of U.S. Government involvement with the resupply effort.

A Yes. But from El Salvador.

Q And yet you didn't think it worthy Secord's name

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in that connection, even as an arms person you knew was an arms dealer, you didn't feel it was a lead that ought to be passed on to your investigators who were investigating the 123 side of the equation?

A I couldn't at the time.

Q Why not?

A Because no one else knew of the Iran initiative at the time. Only the Director, the Attorney General and Mr. Trott.

Q Did you make a conscious decision not to relay that information?

A No.

Q Did it not occur to you that Secord's name might be helpful to the people who are doing the C 123 investigation or did you make a conscious decision that --

A No, I couldn't discuss it with anybody so the fact that Secord's name had come up in this was discussed with the people I could discuss it with. It was not discussed with people I could not discuss it with at the time.

His involvement when the matter broke, was fully and thoroughly examined after I was out of the investigation.

Q One little point of clarification. This I think goes back to the -- where you were testifying perhaps a little bit confusion about dates, on the Attorney General's fact-finding weekend.

I believe you said that you talked to Director Webster, who told you he talked to the Attorney General on Friday before about the possibility of using FBI. When did you first talk to Director Webster about the Attorney General's fact-finding effort, keeping in mind that the President's or Attorney General's press conference was at noon on Tuesday the 25th.

A Right.

Q So you had no awareness, were not aware of the Attorney General's fact-finding effort prior to the press conference on Tuesday.

A Not from the Director. I don't know if there was any news comments on that or not. I can't recall any.

Q The Director, your meeting with the Director in that regard was on the 25th?

A That is correct.

Q After the news conference.

A Yes.

The Director had gone over right after the news conference to see the AG. I met with him that afternoon after he got back.

By the way, I will have to go back and check, my recollection is that I did bring Secord's involvement with

Southern Air Transport to the attention of CID after this became public, so, I will have to go back and verify the dates of that but I did discuss it with Mr. Clarke and Mr. Pomerantz at that time, and so it was not a matter of concealing it, it was simply a matter of being able to convey it except on a limited basis at the time.

Q I have nothing further.

MR. GENZMAN: I have nothing. Thank you for your time.

MS. NAUGHTON: I have one other question on the ~~Gervell~~ CORVO investigation. The Miami Neutrality Act investigation. Do you know how many times did the FBI agents go to Costa Rica?

THE WITNESS: Only once I am aware of.

MR. NAUGHTON: Are you aware of any other trips to Central America?

THE WITNESS: It is possibly I think that our legal attache in Panama may have gone over there on a couple of follow-up occasions to try to obtain documents or information but I don't believe, at least I have no knowledge that Miami agents went more than once.

MS. NAUGHTON: Thank you.

(Whereupon, at 5:05 p.m., the deposition was concluded.)

REYER, BILLY RAY. See CHAPMAN, JOHN R.

RPTS THOMAS
DCMN DONOCK

DEPOSITION OF WILLIAM BRADFORD
REYNOLDS

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Thursday, August 27, 1987

House of Representatives,
Select Committee ~~on~~ to Investigate
Covert Arms Transactions with Iran,
Washington, D.C.

The select committee met, pursuant to call, at 1:30 p.m., in Room 2203, Rayburn House Office Building, Pamela Naughton [staff counsel to the House Select Committee] presiding.

Present: On behalf of the House Select Committee: Pamela Naughton, Staff Counsel; Richard J. Leon, Deputy Minority Counsel; and Robert W. Genzman, Associate Minority Counsel.

On behalf of the Senate Select Committee: Thomas McGough, Associate Counsel.

On behalf of the Witness: John R. Bolton, Assistant Attorney General, Office of Legislative and Intergovernmental Affairs.

Partially Declassified/Released on 1-5-88
under provisions of E.O. 12356
by N. Menan, National Security Council

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Whereupon,

WILLIAM BRADFORD REYNOLDS

was called for as a witness and, after being duly sworn, was examined and testified as follows:

MS. NAUGHTON: Let the record reflect, my name is Pamela Naughton, Staff Counsel to the House Select Committee to Investigate Covert Arms Transactions With Iran. I would like the people around the room to please introduce themselves for the record.

MR. McGOUGH: I am Tom McGough, Associate Counsel to the Senate Select Committee.

MR. LEON: Dick Leon, Deputy Chief Minority Counsel.

MR. GENZMAN: Robert W. Genzman, Associate Minority Counsel for the House Committee.

MR. BOLTON: John Bolton, Justice Department.

THE WITNESS: Brad Reynolds, deponent.

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MS. NAUGHTON:

Q Could you give your full name?

A William Bradford Reynolds.

Q Mr. Reynolds, are you represented personally by counsel today?

A Yes, I am.

Q And would that be Mr. Bolton?

A Yes, sir.

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Q Do you specifically waive any conflicts regarding Mr. Bolton's representation? We will be asking questions about Mr. Bolton's participation in certain meetings that you attended.

MR. BOLTON: Conflicts, if any.

THE WITNESS: Sure, if there are any. I don't know of any.

BY MS. NAUGHTON:

Q All right, Mr. Reynolds, could you give us your professional experience, starting from when you graduated from law school?

A I, after law school, went to the firm Sullivan and Cromwell in New York City, and was an associate there from 1967 to mid-1970. I then joined the office of the Solicitor General in Washington, D.C., and was Assistant to the Solicitor General from 1970 to 1973.

I then went into private practice with the law firm of Shaw, Pittman, Potts and Trowbridge here in Washington, D.C., and was a partner with that firm from 1973 to 1981; at which time I joined the Administration as the Assistant Attorney General for Civil Rights, and have been in that position from 1981 to the present.

And in May of this year, also was appointed Counselor to the Attorney General.

Q That was May of 1987?

. A May of 1987.

. Q So, in November 1986, which would be the period of time we will be concentrating on, your title was Assistant Attorney General for the Civil Rights Division?

. A That is correct.

. Q During your period of time at Sullivan and Cromwell, and your time with Shaw and Pittman, could you tell us what your practice consisted of?

. A I guess generally, it is fair to say it was commercial litigation practice dealing with a variety of civil litigation matters that covered, I would say, a full spectrum of just about every subject matter that one might.

. Q And can you give us an estimation of how many trials you tried during your years in private practice?

. A Well, I guess with the administrative proceedings and trial proceedings, it might be half a dozen. Eight. Six or eight.

. Q How many of those would be administrative proceedings?

. A Two or three.

. Q So, then, that leaves about four to six trials.

. A Yes.

. Q And were those trials in State courts or Federal?

. A Federal.

. Q All?

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. A I think so, yes.

. Q And did you try those with someone from the firm, or were they solo trials?

. A Two solo and the other with people.

. Q Do you have any idea of the length of time, could you give me an estimate of the range, in other words, were these three-month trials or two-week trials?

. A Well, I think they, the two solos, were shorter than weeks, they were then, the others were longer, but they ranged from a couple--one went on forever--you mean including the administrative?

. Q No, let's confine it right now to the Federal Court trials?

. A A couple a month, in the range of one to two months.

. Q And, I take it then during the years in the Solicitor General's Office you did not try any cases; correct?

. A Not in the trial court.

. Q You argued some appeals.

. A Right.

. Q Do you have any idea roughly of how many?

. A I think that I had 11 Supreme Court arguments and one or two Court of Appeals arguments.

. Q And, did all of those concern civil cases or were they a combination of civil and criminal?

A I think they were, I want to say two criminal and the rest were civil. One or two criminal. I think it was two criminal.

Q Did you specialize in an area or did you sort of take cases--

A Well, what do you mean specialize? Throughout my practice or--

Q No, I am talking about as Solicitor General.

A We didn't have any specialty. It was more an assignment of cases as they came in the door, and it was rather random.

Q Now, if we can get to your years in the Civil Rights Division.

A Right.

Q Can you tell us what, as Assistant Attorney General, your position consisted of?

MR. BOLTON: What his duties are?

THE WITNESS: A desk and a chair. What do you mean my duties consist of?

BY MS. NAUGHTON:

Q What do you do as Assistant Attorney General in the Civil Rights Division?

MR. BOLTON: When you are not in depositions.

THE WITNESS: Supervise all of the activities of the Division that are generally related to litigation at all

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levels of trial and appeals.

. BY MS. NAUGHTON:

. Q Have you yourself tried any cases while you were Assistant Attorney General of the Civil Rights Division?

. A At the trial level, no. I have argued some motions, but that is not trying. I supervised a lot of the trial work, but not actually going in and trying it.

. Q When you say you supervise, does that mean direct line supervision or observing the trials, or does that mean having meetings with the section chiefs and so forth?

. A Meet with the lawyers, with the section chiefs, work on strategy of different cases, formulate different opinions involved in some respects in some of the investigative activity that goes on, work with the FBI in the criminal matters that we are responsible for.

. Q Can you name some of the meetings that you have had with the FBI regarding criminal matters?

. A No.

. MR. BOLTON: I caution the witness to the extent there are matters involving ongoing investigations or 6(e) materials or sensitivity to sources and their identification, that our understanding with the two committees is that you are not required to answer that if a matter of closed investigation where 6(e) material or sources would not be compromised, you can respond in general terms.

THE WITNESS: I can't. I don't have any specific recollection. There have been a large number of them. I don't have any specific recollection of particular cases. I meet with them on a regular basis, deal with the Criminal Division of the section on a criminal section of the division on a daily basis on a number of criminal matters that come up.

BY MS. NAUGHTON:

Q Have you ever tried a criminal case?

A No.

Q Have you ever personally done any Grand Jury work?

A No, when I was--no, when I was in law school, I worked for the U.S. Attorney's Office down in the Middle District of Tennessee, and largely worked in the criminal end of it, and assisted on some of the matters that they did, but I never went into a Grand Jury.

I have been in a Grand Jury, as a matter of fact, but not where I was--

Q That was as a witness.

A No, that was where I was in my capacity as head of the Division. In one of the criminal cases that was handled, I went with the lawyer into the Grand Jury.

Q Did you ask any questions?

A No.

. Q As a law clerk, I take it you were not admitted to the bar, so you could not practice in court?

. A That is right. I wanted to add that to be complete. I was not trying to puff my role by any stretch. It convinced me I didn't want to do criminal work.

. Q I am speaking specifically up to the period of November 1986, my next series of questions, okay?

. A Yes.

. Q Aside from being Assistant Attorney General for the Civil Rights Division, did you have any other duties within the Department of Justice?

. A Just, well, yes, well, I was the Department of Justice representative on some outside boards or committees, and then I had a general advisory role for the Attorney General in certain capacities, and some internal groups that he set up that I worked on.

. Q Do you have anything to add after consulting with counsel?

. A No.

. Q Could you tell us what the internal groups were that you served on as the Attorney General's representative?

. A Well, there is a strategic planning board that I chair that deals with strategy questions at the policy level in the Department.

. Q Could you give us an idea what those issues are?

. A Well, they range. There are a variety of issues and they are all related to difficult policy decisions on things that go from one end of the spectrum to the other within the Department and within the Administration.

. Q Well, they would concern them both, let's say, civil and criminal matters in the litigation area?

. A Yes.

. Q Would they concern the various components of justice?

. A All the components. In fact, I think all of the Assistant Attorneys General are represented on the board, I believe, or just about all of them. Most of them are.

. Q I guess I am still a little confused, is this a management organization or is it one that determines policy of the Department?

. A It is one that helps to shape Department policy in a whole range of areas.

. Q Could you just give us one example so we have something for the record?

. MR. BOLTON: To the extent it doesn't involve some internal executive deliberations ongoing, I think it is safe to say, as Mr. Reynolds has testified, it covers a wide range. I am not sure, so it doesn't deal with Iran-contras, it is certainly something open to question.

. MS. NAUGHTON: I will repeat my question.

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BY MS. NAUGHTON:

Q Can you give us an example that does not involve, if I hear executive privilege being asserted?

MR. BOLTON: That is not being said. This is just a fishing expedition. As I informed your office earlier, Mr. Reynolds and I both have other commitments that are going to require us to leave at 5.

If you would like to get into the subject matter of the deposition, we would be more than happy to answer questions.

MS. NAUGHTON: Mr. Bolton, as I informed your office, we would be happy to accommodate your schedules. That would mean, of course, Mr. Bolton, Mr. Reynolds would be subject to recall if we don't finish.

MR. BOLTON: We understand.

THE WITNESS: It dealt with a whole range of issues relating to the drug policy initiative, relating to certain civil rights policies of the Administration, relating to the whole question of policy initiatives, the whole immigration set of issues.

Really, virtually every policy issue that we address is one that the Strategic Planning Board looks at and makes recommendations to the Attorney General in terms of how to shape the policy, how to advance it, et cetera.

BY MS. NAUGHTON:

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. Q Aside from the Strategic Planning Board, are there any other duties up to November of 1986 that you had within the Department of Justice other than duties as Assistant Attorney General of the Civil Rights Division?

. A Well, I guess I am not sure what you mean by duties. The Attorney General tasks me from time to time with a variety of different things that he wanted me to look into, and most of them, many of them related to specific litigative matters, some specific litigative matters, some domestic policy, general, and some internal management matters.

. So, yes, they were all duties that I was asked to perform and did.

. Q Those were more or less ad hoc, then?

. A Yes.

. Q Basis?

. A Yes.

. Q Now, specifically turning your attention to the Iranian arms sales, that is those that were part of the U.S.-Iran initiative--

. A I bought nothing.

. Q That is on the record. Now, were you aware of the Iran initiative at any time prior to November of '86?

. A No. Not that I recall.

. Q The Attorney General testified that he attended a couple of meetings where the January finding was discussed before the Iran initiative was implemented by the Administration. Were you aware of that finding or that the Attorney General had participated in such discussions?

MR. BOLTON: At the time?

MS. NAUGHTON: Before. If you would let me finish my question.

BY MS. NAUGHTON:

Q Before November of '86?

A No.

Q Did you ever discuss before November of '86 the Iran initiative with Mr. Jensen?

A The answer to that is no, not that I recall. But let me ask you just so you will clarify, could you explain to me what you have reference to when you say the Iran initiative?

Q Okay, the Iran initiative was actually begun in the summer of '85 between the Israelis--

MR. BOLTON: I think that is stretching the characterization. If you are trying to do that to maintain a point, I suppose the record will reflect that, but I really think you are going pretty far afield here.

BY MS. NAUGHTON:

Q Mr. Reynolds, I was trying to answer your question. I am trying to define for you, pursuant to your request, what I feel the Iran initiative is when I asked my question.

. The Iran initiative, as far as we know it, began in the summer of '85, when Mr. Khashoggi wrote a letter to the National Security Council, suggesting that there were moderate elements in Iran that could be reached.

. Mr. McFarlane, through Mr. Ledeen, then contacted various representatives through the Israeli and Iranian connections and began discussions. There are two shipments from Israel in August of '85, 508 TOW missiles and again in November of '85, 18 Hawk missiles.

. From there on, the United States began shipping directly beginning in February of '86. Now, that is what I mean by the Iranian initiative. I am asking if you were aware of that prior to November of '86?

. A No, not that I recall.

. Q Now, once the Iranian initiative became public, in the first week of November 1986--

. MR. BOLTON: The whole Iran initiative as you have just defined it?

. BY MS. NAUGHTON:

. Q Once the Iran initiative became public in November 1986, Mr. Reynolds, what is the first contact that you recall having with any of the legal issues that may have been posed by the initiative?

. A Probably still mid-November.

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. Q Do you recall what that involvement was?

. A Well, I wouldn't call it involved. I believe you asked what my initial contact was.

. Q What was that?

. A My contact was simply that there were discussions at some point in November that were precipitated by news articles that related to what this activity was and what might be the legal implications, what might be implicated in a legal sense.

. Q Okay.

. A And that my first recollection of a contact with the legal implications of the Iran initiative were those kinds of discussions.

. Q Were these discussions that occurred at the Department of Justice?

. A Yes, in the halls and in rooms and in meetings.

. Q Let's concentrate on then the first contact you remember having. Was your first discussion about the legal issues with the Attorney General?

. A I don't really recall what my first one was. I just recall there were discussions around mid-November that were raised by news articles that had referenced this. When did the President, November 18--

. MR. BOLTON: The speech was November 13.

. THE WITNESS: So, it was around that time, and I don't have a specific recollection of any particular discussion, but I do have a recollection that that was around the time that people started talking about it.

. BY MS. NAUGHTON:

. Q Did you have any part in formulating or drafting the President's speech of the 13th?

. A No, I did not.

. Q Do you know whether or not the Attorney General did?

. A I don't know.

. Q Now, Mr. Cooper testified that on November 7, the Attorney General tasked him to begin to look into the legal issues surrounding the arms sales. Were you aware that the Attorney General had tasked Mr. Cooper to do that?

. A I was not aware on November 7th.

. Q Did you become aware of that eventually?

. A I did.

. Q Can you tell us when and how?

. A Again, sometime around mid-November when the Attorney General spoke to myself and Arnie Burns, and I think Chuck Cooper about it.

. Q Was this a meeting in the Attorney General's office?

. A Yes, Steve Trott I think was there, too.

. Q Do you have any idea when the date of this meeting was?

. A No.

. Q Was it on your calendar?

. A No. Well, not as such. I mean, it was on the calendar in the sense that the Attorney General has a senior management meeting every morning at 8:10 that he is in town, and that is reflected on my calendar. It was in one of those meetings.

. Q This is a senior management meeting. Was this the 8:30 meeting?

. A 8:10 meeting.

. Q Can you give us an idea of the substance of the discussion at this meeting?

. A Yes, the Attorney General advised that he had asked Chuck Cooper to look into some of the legal ramifications that related to the news of the accounts of the Iran initiative. Chuck had been given that responsibility.

. Q Was there any discussion on the part of Mr. Trott regarding this?

. A Just that it was a good idea. We all concurred it was a good idea.

. Q Was there any further discussion about the Iran arms shipment?

. A I don't--again, I don't recall specific discussions at specific meetings. If you are asking whether that information was followed on by a long discussion, the answer is no. My first recollection of knowing Chuck had been asked to take a look at some of the legal questions that were being raised.

. Q Prior to November 20, did you discuss with Mr. Cooper his research in that area?

. A No, November 20 was what day?

. Q A Thursday.

. A I don't recall any discussions that related to legal research.

. Q Now, on the 20th, the Attorney General, Mr. Cooper testified, they attended a meeting, concerning where the participants went over the draft of DCI Casey's testimony to be given the next day before Congress. Were you aware of that meeting?

. A Yes.

. Q Was there any discussion in the Department of Justice concerning that meeting before it took place?

. A I don't know.

. Q Can you tell me how you were aware to have a meeting?

. A Because I was advised that they were going to go to that meeting.

. Q When were you advised of that?

. A Sometime before they went.

. Q Would it have been the same day?

. A Yes.

. Q And, who told you that they were going to go to the meeting?

. A I don't specifically recall.

. Q Was it either the Attorney General or Mr. Cooper or was it someone else?

. A It may have been John Richardson, or it may have been Cooper. I don't think it was the Attorney General.

. Q And after the meeting, on Thursday, the 20th, the records indicate the meeting took place somewhere between 1:30 and 3:30. Did you see the Attorney General that day after the meeting on the 30th?

. A No, I don't believe he came back to the Department, I think he went straight to Andrews Air Force Base and jumped on a plane and went to West Point.

. Q How do you know that?

. A Well, he testified to it, and everybody else who has been around has testified to it, so his calendar shows it, and it seems to be an established fact.

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. Q Did you meet with Mr. Cooper after he got back from the meeting?

. A Not directly. Later on I did that evening.

. Q The evening of the 20th.

. A Right.

. Q Can you tell us when that was?

. A My sense is it was around 7. But it may have been a little later than that.

. Q Was this at the Department?

. A Yes.

. Q Can you tell us what he told you?

. A Chuck advised that the testimony was not, well I don't know exactly what he said, this is not a direct quote or anything, but the gist of it was that there was a problem with the testimony and with what he had heard from the State Department, Sofaer with regard to the knowledge of government officials about the shipment, I think it was in 1985.

. Q Arms shipment to Iran.

. A Right. And that Chuck felt that it was important in light of the discrepancies that we call the Attorney General and alert him to the matter so that he would be aware of it and could make the decision as to how we ought to proceed, what ought to be done, in other words.

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. Q What did Mr. Cooper tell you the discrepancies were?

. A My recollection was it had to do with the knowledge of the people in the government with regard to the '85, November '85 shipment.

. Q Could you be more specific.

. A No.

. Q Is that all he told you?

. A That is what I recall.

. Q Did Mr. Cooper tell you that the State Department had a note, a contemporaneous note taken in November '85 that reflected that Secretary Shultz was told of the Hawk shipments?

. A I don't know whether he told me that that evening or the next day, I just don't recall. I know there was a contemporaneous note and I know that but I don't recall. My recollection was that Chuck had recounted that he had had a conversation with Sofaer and that what Sofaer had told him didn't square with what the testimony was reflecting and that he felt it important before anybody goes to testify that there be a meeting of the minds among the principles as to what the facts were so that there could be accurate testimony and he felt because of the level that we were talking about with Casey and Shultz, that it was important that the Attorney General be alerted to this and take

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whatever action is felt he needed to take in order to assure that the discrepancy was cleared up.

. Q Did you discuss anything else with Mr. Cooper at that time?

. A I am sure I did, but I don't recall it.

. Q What happened after the discussion?

. A We put in a call to the Attorney General.

. Q And the Attorney General was at West Point.

. A I think he was, yes, although I was on this end of the conversation so I don't know where he was.

. My sense is he was still there I think, I don't know whether he left, I think he was still there.

. Q At West Point.

. A I think so.

. Q This is the evening, early evening of the 20th.

. A Well, 8 o'clock, sometime around 8, 8:30, whatever.

. The reason I hesitated, I don't know whether he was at West Point or he had left and it was--

. MR. LEON: Chuck's chronology which he made up for himself which was an exhibit in the public hearings we have available. Here is my copy of it. And his chronology indicates I believe something in the area of 10:30 p.m.

. THE WITNESS: Well, okay but, we put in a call at around 8 or so, to the Attorney General. He said, what do we do, then we put in a call to him and couldn't get a secure line and so there was no conversation, a very short conversation there would be a secure call made later, and that is why I am saying I don't know if he was at West Point or where the Attorney General was, but, we weren't able to--I am trying to remember whether we actually talked to the Attorney General or talked to someone who was with him, and relayed the message there would be a secure line call made later, then I remember Chuck the time it was designated was something like 10:30 or 11, my recollection was that Chuck asked me how interested I was in staying around for a secure call. I indicated I thought he could handle that very ably without my assistance, therefore, I left and went home.

But I think the call I am talking about was when I saw what happened next was about 8 o'clock.

BY MS. NAUGHTON:

Q Do you know how the secure call was arranged?

A With the FBI. Actually with the Command Center, it was--with the Command Center I think there was some discussion as to whether they could make available to Chuck a secure phone he could take home and/or whether he had to do it at the office, and I don't know how that was finally resolved. When it got to that level, I decided it was time for me to duck out quick before I would get--

Q Does the Attorney General--

A --involved in a secure call.

. Q Excuse me. Does the Attorney General have access to a secure phone at all times?

. A Yes, I am sure he does. I am sure if he doesn't have access that there are places that he can go where there are secure phones and I am absolutely positive that West Point must be one of the best places you could imagine for trying to find a secure phone.

. Q But you don't know, please correct me if I am wrong, you don't know of your own knowledge if the secure call Mr. Cooper placed was placed to a phone in West Point or one to a phone that the Attorney General may have in his possession, is that correct?

. A Well, I think that he was at West Point and I am sure that he talked on the secure phone. If you are asking me who owned the secure phone, you have got me.

. Q Did you meet with anybody else at the Department after you met with Cooper and you placed this first call?

. A No.

. Q Did you go home then?

. A Yes.

. Q Did you hear from Mr. Cooper later that evening on the phone?

. A No.

. Q Did you hear from the Attorney General?

. A No.

. Q Do you know whether or not Mr. Cooper called anyone else that evening in the United States government?

. A No.

. Q Did you talk to anybody else outside of the Department of Justice that evening about this issue?

. A No.

. Q Now, if we can move to Friday morning then, this is November 21st. Did you go straight from your home to the Department of Justice?

. A Yes.

. Q And do you recall whether or not you attended let's say any meetings prior to 8:30 Friday morning?

. A I don't recall. I don't recall attending any meetings prior to 8:30 but if I did, it would be the 8:10 meeting.

. Q Do you recall attending the 8:30 senior management group meeting?

. A Not specifically, no. I understand that somebody who took the attendance reflected I was there at 8:30. I have no reason to doubt that but I don't have any specific recollection.

. Q Did you take any notes at that meeting?

. A I don't have a recollection of the meeting so I wouldn't have any recollection whether I took any notes, but I don't, if I took them you have them.

. Q Do you normally take notes at those meetings?

. A No, not in the sense that I suspect you are asking. I will from time to time jot down ~~different~~ things, different notations because the Attorney General will ask that I follow up on something or there will be something that is of interest, but I don't take running notes of the meeting. I will go through many of those meetings and take no notes.

. Q Do you know if there is any person that is designated as a sort of note taker at those meetings?

. A I don't know of any person that is designated as a note taker for those meetings. I know that some people take notes and other people don't.

. Q Now during that meeting, was the Attorney General present?

. A Since I don't recall whether I was present I don't have a recollection of whether he was.

. Q Do you recall at any senior management staff meeting let's say, that week, do you recall there being any discussion of the Iran arms sales?

. A I don't have any recollection one way or the other.

. Q Do you recall any time prior to November 24, Mr. Weld bringing up the subject of the Iran arms sales?

. A No.

. Q Do you recall Mr. Trott discussing them at all prior to November 24, other than the meeting to which you have testified earlier?

. A Well, I didn't recall him discussing it in that meeting. That was the meeting where you asked me first time I heard Cooper...

. MR. LEON: Could you get a clarification?

. THE WITNESS: Having a legal estimate. There was no discussion with Trott.

. BY MS. NAUGHTON:

. Q I believe you testified Mr. Trott at this meeting agreed it was a good idea?

. A There wasn't any discussion.

. Q Okay, but what I want to do--I want--

. A You asked whether there, I want to make it clear You said was there any other meeting where Trott had discussed the Iran initiative. I don't recall any meeting where Trott discussed the Iran initiative.

. MR. LEON: Are you distinguishing between the sale, Iran initiative arms sales and the sales of arms with Iran in that case in the Southern District of New York, that Weld later brought up as an issue?

. MS. NAUGHTON: I am not distinguishing; I am asking if Mr. Weld ever brought up the subject of Iran arms sales from November 14 to November $\overset{2}{8}$4.

. THE WITNESS: If you are asking if he ever did the answer is yes. If you are asking if I have any recollection of it, the answer is no.

BY MS. NAUGHTON:

Q Can I ask you how it is you know he did?

A Because he testified on deposition and the deposition was made available and I read the deposition.

Q Other than reading the deposition, were you aware of his comments?

A No.

Q At the time contemporaneously?

A I have no recollection I guess if I was there and he made a remark, I was aware of it but I don't have any recollection.

Q So upon reading his deposition, that does not refresh your recollection that he made no comments; is that correct?

A No, that does not.

Q And do you recall making comments to him after the meeting was over, concerning what was being done about Mr. Casey or other people's testimony before the Hill?

A No, I don't have any recollection of it nor apparently does he.

Q Well, do you recall prior to November 24, any discussion with the Attorney General regarding the issue of whether or not the criminal division should be involved in the investigating the U.S. sponsored Iran arms sales?

. A Sure.

. Q Can you tell us when that was?

. A There was a discussion on November 21, Friday afternoon, I believe, when we had received instructions, direction from the President to initiate and inquire and the Attorney General came back and asked Chuck and John Richardson and myself to help. There was discussion at that time as to whether the criminal division really, specifically whether Steve Trott or Bill Weld ought to be involved in helping with the activity for that week-end and the general consensus was that it would make little sense to bring the criminal division in at this time since there was no indication of any kind of criminal activity or criminal implications, that we were aware of, and that if we were to bring them in prematurely that that would be a mistake both from the standpoint that it would be inappropriate to have a criminal kind of an investigation going on without any suggestion of criminality, and also that it would be a, probably be counterproductive in terms of producing any realistic evaluation of the facts within the short time frame that we had to operate.

That was followed by the Attorney General wanting to discuss with Director Webster whether he felt that we ought to at this juncture engage the FBI in the inquiry and he talked to Bill Webster and Bill readily agreed that it would be premature at this time for the FBI to get involved and indeed that the FBI involvement could well inhibit rather than advance any kind of a factual inquiry, and therefore it would not be appropriate to bring them.

. I think I am sure those were both that that recounting that I just gave was in the afternoon of the 21st.

. Q According to your recollection, was the meeting between the Attorney General and Mr. Webster, which I gather you did not attend, is that correct?

. A Well, it was a, I think to call it a meeting, really kind of formalizes it way out of proportion. It was a rather brief discussion that they had and that I was present in the room at the time.

. Q Let me if I could take this step by step. Which came first, the discussion with Webster or the meeting with yourself and Mr. Cooper and Mr. Richardson and the Attorney General?

. A The latter came first.

. Q So first you folks had this discussion about whether or not Mr. Trott or Mr. Weld should be part of the investigation, and then the Attorney General brought this up?

. A Arnie Burns was in on that discussion, too, by the way. He agreed fully with the call that we undertake a factual inquiry based, without bringing in the criminal division.

. Q Now, let's start then with the meeting between yourself and Mr. Cooper and Mr. Richardson and Mr. Burns and the Attorney General. Was that a luncheon meeting?

. A My recollection is, I don't remember it in that time frame but I don't recall whether it was a luncheon meeting or not.

. Q Do you recall whether or not Mr. Bolton was present?

. A My recollection is that John was not present at that. He can speak for himself. I don't recall him being present at this particular discussion. I am trying to recall. The problem that I am having is that on November 21st, there were a lot of quote ''meetings'', if you want to call them, people getting together to figure out who was going to do what and what should be done and so on, and we met before lunch and during lunch and after lunch and there were different people in, different in the room at different times.

. So when you ask me was that a luncheon meeting, my recollection is what I recounted in response to your question with regard to the criminal division occurred, did not occur over lunch but occurred after lunch in the afternoon, but briefly after lunch, but I don't have a clear recollection of when each of these discussions took place and who was in the room. I don't think John was in the room when we had that discussion. He is here to correct me.

. Q Can you tell us who it was that brought up the issue of whether or not Mr. Weld and Mr. Trott should be involved in the inquiry?

. A I think it was the Attorney General.

. Q And can you recall?

. A But it may have been Arnie, either the Attorney General or the deputy.

. Q Can you recall how that issue was brought up?

. A Well, it was part of an ongoing discussion, it wasn't as though we were kind of trying to identify issues and talk about them, we were having a general discussion that was related to the fact that there needed to be an inquiry done to figure out what the facts were, that people that helped in that effort or would be available to help in that effort were the ones that had been identified, and in the course of that there was a general question raised as to whether we should also ask Steve Trott or Bill Weld or others to help in the inquiry, and it was in that context that there was some focus on the extent to which it would be appropriate to implicate at this stage the criminal division when, as I have indicated, when there was no indication of criminality. It was in that context who was going to be doing what in connection with performing a monumental task that had to be done over a weekend.

. Q Was there a discussion of bringing in other lawyers then, not necessarily in the criminal division?

. A Yes.

. Q But other lawyers to help you review documents and so forth?

. A Yes.

. Q Can you tell us about that discussion?

. A Well, it is not any more specific than should we bring in other lawyers that may be able to help on this. In fact, I think we tried to snooker John into spending his weekend on it. It was not a long discussion, it was simply who do we get to do this and should we get more people and did it make sense to stick with the team that we had set up? We concluded that the team we had set up was probably the best thing to work with given the time frame and what we wanted to do.

. Q Did you take notes at this particular meeting?

. A I don't recall. As I said these were a series of meetings, sort of one and another and I don't. I am not sure. If you have got some notes of mine and you let me see them, I will tell you whether I took them.

. Q I don't have notes of this specific meeting that you have just described. That is why I asked if you recall taking notes.

. A I will tell you if I took notes you have them, so if you got some notes you want to know whether they pertain to that meeting, let me see them. You have everything I have written down on this.

. Q Prior to December 4th, '86 for the record.

. MR. BOLTON: Pursuant to the agreement with the committees for the record.

. BY MS. NAUGHTON:

. Q Fine.

. Now, you said that you were present when the Attorney General brought up the issue of the fact finding inquiry with Director Webster?

. A Yes.

. Q Is that correct?

. A Yes, sir.

. Q Was anyone else there besides the three of you?

. A I don't think so.

. Q What was Mr. Webster, did this take place in the Attorney General's office?

. A Yes.

. Q What was Director Webster over there for?

. A I don't know.

. Q How is it that you came to be part of this meeting?

. A It was again, to call it a meeting, is to overformalize it.

. It was one of those situations where I was in the Attorney General's office talking to him about something and Bill Webster came in and the conversation took place.

. Q I guess what I am confused about is was Director Webster over to see the Attorney General about some other matters?

. A I don't know.

. Q You don't know whether it was a planned meeting?

. A Well, except that it would be inconceivable to me that Director Webster and the Attorney General would meet on an unplanned basis. They just don't bump into each other in the Attorney General's office by happenstance.

. Q Did they discuss any other issue?

. A I have no idea.

. Q Well, did you, after this issue was discussed, did you leave the room?

. A I did.

. Q Did the Director stay behind with the Attorney General?

. A He did.

. Q So he may have met about something else; you weren't party to that part of the meeting, is that right?

. A Yes.

. Q Could you tell us?

. A This took all of 3 minutes.

. Q And can you tell us when you say this, could you describe the conversation.

. A The conversation I have already described. The Attorney General asked the Director, indicated to the Director we had been asked to--he had asked to do a fact inquiry and I am not sure exactly who, I don't have a specific recollection of the specific conversation but except to the extent that he asked him what his view was as to FBI involvement and I think indicated that since we had no indication of criminality that, criminality that the Attorney General's sense was that it would be premature to bring the FBI in, and there was concurrence by Judge Webster on that, he felt it would have been inappropriate.

. Q To the best of your recollection, can you tell us what the Attorney General said, he was inquiring about, in other words, what were the issues that he brought before the Director in describing what his inquiry was going to consist of?

. A Well, it was not that specific, as I say this was all of a three-to-four minute discussion, everybody was fully aware of the Iran event, series of events, my recollection was the Attorney General indicated that the President had asked that the Attorney General look into the

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matter and try to get his arms around what all the facts were because of the various versions that were floating around, what actually had taken place. So he was going to undertake a fact inquiry over the weekend and was of a view that this should be done by him and Chuck and me and J.R. and had not intended to call in the FBI and did the Director feel we ought to get the FBI involved.

. The Director's view was that it was no indication of any criminal activity, it would therefore be premature to have the FBI involved in this kind of an inquiry and so that we all concurred that or they concurred, and I was obviously standing there nodding, they concurred that we should not bring in the FBI.

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2:30 p.m.

. Q Did the Attorney General tell Director Webster about the discrepancy in the proposed Casey testimony?

. A Not to my recollection, no.

. Q Did he describe the 1985 shipments to the Director?

. A In that particular conversation, no. I think that there had been discussions that they had probably known prior to that about the whole thing, but that particular conversation, it was one, the context of it was one where you didn't need to brief the Director to bring him up to speed.

. He was fully familiar with all the news items that were on the front page of every paper about all that was going on.

. Q That is where I am specifically asking about the 1985 shipments, which at this time were not public knowledge. Was there a discussion between the Attorney General and the Director regarding the possible illegality of the 1985 shipments?

. A No, I don't recall discussions of the illegality of the '85 shipments with the Attorney General and any of us that were on the team that did the inquiry prior to the 24th.

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Q So, you never discussed such legal issues then with Mr. Cooper?

A I think there were a lot of legal issues we discussed, but you are saying the illegality of the '85 shipment, and I don't recall that as being a point of discussion.

Q There was a legal question as to the legality of the shipments. Is it your testimony you did not discuss that issue prior to Monday, the 24th?

A Well, we discussed a lot of issues relating to legal questions on the '85 shipment. In terms of the illegality of it, I don't recall that being a point of discussion. I guess I am still trying to focus on what was the illegality of the '85 shipment.

Q Well, what were your discussions regarding the legality of the '85 shipments?

A There were all sorts of legal questions that related to notice to Congress and notification of the activities, the Boland Amendment questions and so on that were there. But in terms of, as you phrase it, the possible illegality of the '85 shipment, that was not raised with the Director, and I don't recall a specific discussion of that particular legal question until sometime down the road.

Q As of, let's say, up to the 22nd, what was your understanding regarding any Presidential findings that had been made pursuant to the National Security Act?

A The only Presidential finding that I was aware of was the January 16 Presidential finding.

Q When did you become aware of that?

A The 21st, I think.

Q And how did you become aware of it?

A Well, after we had gotten together on the 21st and the assignment had been made with regard to the weekend activity, my first efforts were sort of directed at getting up to speed as much as I could on what we had available to us, and therefore, I reviewed draft testimony, McFarlane's public statements of chronology that had been proposed I think by North, and whatever, and then a series of news articles.

It was in the process of getting that sort of preliminary knowledge that I learned that.

Q From whom did you receive the chronologies that you referred to?

A I think it was only one chronology, and I am not sure where I got that. My sense is it was from Chuck, who had collected most of the documentation that we had and made it available, made copies available. I think that is right.

Q Now, do you recall attending any meetings in mid-afternoon on Friday, at which Mr. Bolton briefed you about Mr. Casey's testimony?

A Yes.

Q Can you tell us what occurred at that meeting?

A Let me have my notes.

Q I don't know that I have them.

A You do. It says, ''Bolton briefing.''

Q That is what I have.

A You don't have any other notes of mine?

Q I was not planning on introducing these notes.

A That is okay, I will introduce them.

Q If you have a copy here, fine.

A I guess if I am going to testify on meetings, I would like to have a copy of the notes.

Q Sure. Do you have your copies? I was not planning on introducing them, because they have already been introduced at the hearings.

Mr. McGough is providing you a copy of his Public Exhibit EM-38. If you could use it to refresh your recollection, we will have it included as an exhibit.

A Yes, that is it. You want me to recount what I had down here--

MR. LEON: That is Meese Exhibit 38, right?

MS. NAUGHTON: Yes.

THE WITNESS: This is not all--in fact, only the first page is the notes on the meeting.

MR. McGOUGH: So the record is clear, what I handed the witness was the entirety of what was introduced at the hearing as EM-38. I am not suggesting they are the same meeting. For completeness, I gave you everything that went in as that exhibit.

. THE WITNESS: Maybe I should just clarify what I am looking at is the first page of EM-38, which contains the notes of that meeting. The subsequent pages do not appear to relate to the meeting. and I don't think they do.

. I think there was only one page of notes. Basically, what I took down are John's accounting of what went on during the testimony. The first item is General Counsel, CIA opinion on withholding information, January of '85; then there was apparently testimony as to a January meeting at Poindexter's office, where a decision was made not to inform Congress--I assume that is of the '85 shipment of arms.

. CIA proprietary flight, I guess that is reference to the November shipment of '85, Casey said the CIA did not know the cargo. And then something about, it is not too clear, Poindexter did not know what the cargo was until yesterday, yesterday being the--a lot of discussion of section 501(c); then finding during the January meeting where Shultz was present, Weinberger and Shultz expressed reservations as to the policy, but not as to the question of whether to notify Congress.

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Apparently there were discussions on who prepared the finding. It is unclear, but it looks like admitted to participate. Then there is an item I had written down--it is obviously super-sensitive and it has been crossed out.

This isn't clear to me what this says, something about expenditures for CIA-related activities. I can't make out the rest of this.

BY MS. NAUGHTON:

Q Let me ask you this from your independent recollection: Do you recall whether or not Mr. Bolton mentioned anything regarding Mr. Casey's testimony about NSC activities in Central America? And specifically in supporting the contras?

A I don't recall that, and I don't have that reflected in my notes, so I think it is unlikely.

Q The next page to which Mr. McGough referred, the next page of EM-38--these came together the way we got them. Do you recall when that second page of notes was taken?

A I don't recall. I do recall, though, because this came up with the Independent Counsel, that somebody had put these together and they were not together, these were notes of something else, and it is not part of the briefing.

I am sure what happened is all the notes were just gathered up and handed in and somebody either over there or over here clipped them together by mistake, and it is now part of the same set of notes.

Q Do you recall when these notes were prepared?

A I don't. But I would think it was sometime during that weekend activity.

Q Do you recall what they are notes of? In other words, are they notes of documents you were reviewing or notes of a meeting?

A I don't know. They would have been one or the other, and I am just not sure.

Q Well, from the context, does it refresh your recollection as to whether or not somebody was speaking those words or you were reading them?

A It may not have been either. It might have been something I was sitting down trying to think there where I was--I mean, it could be a combination of documents that I was reading and things that I was thinking had to be done, or it could be somebody speaking. I just don't have a good recollection.

Q And then the third page of EM-38, if you could turn to that, please? Do you recall when you wrote those notes?

A This looks like notes taken on the document search. It would have probably been Saturday morning. That is what that looks like. In other words, notes on documents. We started out unsure whether we had copied the documents, and therefore we were going to do something by way of an identifier of those we would want to copy.

. Q Could you read us the first couple of lines on that document?

. A The first one, ''Situation Room Note 11-21-86, U.S. sale of arms to Iran '85- '86, 12.3 million''. The second item is blacked out, but there is a date, 11-7-86, operation of hostage release, I think it says done by NSC/White House, State not involved.

. The next entry is NSC November 14, '86 memo, South America transport request, I think it is--

. Q Excuse me, could that be Southern Air?

. A I am sorry. Request for Southern Air Transport logs. Then it trails off. I can't read the rest of it. And the last one looks like Ghorbanifar something.

. Q Do you know where your original notes are?

. A Yes.

. Q Where are they?

. A They are in a notebook, which I can make available if you all want to see them.

. Q What I am getting at, they are not in the possession of the Independent Counsel, they are in your possession?

. A ~~They~~ They are in my possession.

. Q We may ask to do that as our copies are illegible in some areas.

. A You are welcome to them.

. Q Thank you.

. A These are not even in order, it seems to me. Okay.

. Q I believe you testified that you spent the remainder of Friday afternoon and possibly evening reviewing the chronology--

. A It wasn't possibly the evening, it was the evening. We put in long hours over there.

. Q Did you stay at the Department of Justice while reviewing these documents?

. A Well, I was at the Department late, but then I think I took materials home and continued working at home.

. Q Do you know what Mr. Richardson was doing on Friday afternoon?

. A Not precisely. I don't know. You will have to ask him.

. Q Were you briefed on the McFarlane interview that Mr. Cooper and the Attorney General conducted on Friday afternoon?

. A I am trying to remember whether it was Friday or Saturday, I know that there was some general discussion of what McFarlane said, that I had with Chuck I think late Friday, and then there was more discussion of it Saturday.

. Q What did that discussion focus on?

. A My recollection is that McFarlane had made a number of public statements, and the briefing in essence, I am sorry, the interview with McFarlane in essence, I guess, was described as being consistent with what he said in the public statements, and that there was an inconsistency between that and what Chuck had learned from the State Department.

Q Could you be more specific about that?

A In terms of the point that had been raised with regard to the Casey statement, the knowledge of State officials as to whether there were arms shipped in November, oil drilling parts, and McFarlane had in his public statements indicated that he had had some considerable involvement in this activity, but that he had been kind of the person who said he had most of the knowledge, and no one else had knowledge and in the November shipment that--there was some discrepancy between what his knowledge was of what was on the plane in November of '85, or his knowledge at that time versus what he learned later.

There was some discrepancy between that and what Chuck had learned from Sofaer in the State Department. My recollection is the discussion we had with regard to McFarlane's testimony after the fact with Chuck was to the effect that McFarlane had basically not strayed very far from where he was in his public pronouncements, but that in not straying very far, he had highlighted the problem of who in the government knew at the time that there were arms on the November shipment, and that the conversation with Shultz the next day was going to be telling in terms of trying to find out just how much discrepancy there was and where the inconsistencies were and how Shultz and McFarlane's stories matched up.

. So it was that kind of discussion.

. Q Were you aware that Mr. McGinnis had been dispatched to [redacted] intelligence information?

. A That happened Friday night, yes, late Friday night.

. Q You were aware that was going on?

. A Right. Well, I was aware--actually, I think I learned that the next morning as opposed to that night. I think the next morning I learned that he had been up to 2 or 3:00 in the morning.

. I don't think I knew about it, I don't think I knew that he was dispatched when he was dispatched.

. Q When were you told about the results of his review; in other words, what he had found?

. A Probably after we got back Saturday afternoon from our document search.

. Q And what were you told that he had found?

. A I don't really have a recollection now of what exactly it was. We were discussing what we found [redacted] and there was a marked similarity in terms of the kinds of things he was finding, and what we were finding in terms of arms for hostages, a lot of indications that arms were being sent and hostages were to be released and that there were a lot of people who were, not government people, but a lot of Iran players that were involved in this whole idea of somehow moving arms and getting hostages in return.

. Q Mr. McGinnis, did you speak to him directly or did you hear this through Mr Cooper?

. A I think it was John and Chuck. I am trying to remember, though, because I knew he was up, I talked to John McGinnis directly [redacted]t some point over that weekend.

. Now, whether that was the first time I learned or later, I don't know. I know the guy was up all night, and we didn't get to it, to his piece until after we had come back from looking at documents on Saturday, and he may have been wiped out by then.

. He may have gone and caught a couple of winks. Chuck may have been the first one I spoke to about that, and then later talked to John about it. I don't know a clear recollection.

. Q When you did speak to John about this, John McGinnis, did he mention any [redacted] pricing information, in other words, how much the missiles were sold for and negotiations surrounding the pricing of the missiles?

A We did have discussions about that, but I am not sure I recall, I don't recall when that was. Yes, that was discussed, but I am not, I can't place it, I am not sure exactly at what point in time.

But the focus on the pricing really, the intense focus on the pricing really took place after we talked with Ollie North Sunday evening, and we had gotten an account of the diversion.

I don't have a good recollection that there was much focus on pricing before that, although it may well have been discussed because we were discussing a lot of things over that weekend, and I just can't sort out when each topic came up and with respect to which conversation.

There was talk of it and, yes, he mentioned that, and we had some discussion of it.

Q I guess what I am getting at is, when Mr. McGinnis told you that there was some information regarding pricing, that in itself did not alert you to the fact there might be a diversion of funds?

A I didn't talk to John about any of that until I had discovered the document that said there might be a diversion of funds.

Q That did not alert you to look for this?

A That alert was on.

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. Q McGinnis' conversation did not alert you to diversion, the diversion instead alerted you to the pricing information, is that the extent?

. A Well, except that the latter part of that--I don't want to leave the impression that upon finding the diversion document, we then started a search for pricing information. We were looking at the documents and looking for anything and everything in them and copying the ones we thought were relevant, and pricing information was one of the things that was relevant.

. Q Let me put it this way, then: Prior to finding the famous diversion memo, were you aware that there was a tremendous profit margin in these arms transactions?

. A No, no.

. Q Now, if we can turn our attention then to Saturday morning, do you recall--

. A When you say was I aware, there was a tremendous profit margin, there were a lot of things [redacted] there were a lot of big numbers [redacted] and I mean to the point where it raised eyebrows, and we definitely copied [redacted] that had big numbers associated with them with the arms sales, but if you are asking me whether that--and it was discussed quite openly as a profit margin.

. These guys that are in this business don't do it for

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peanuts, and so that was certainly an item that we were aware of, and that we were looking at just to get an understanding of the whole situation.

But if you are asking did that trigger in my mind something related to diversion or misappropriation or whatnot, no, that was not--I didn't know what they--I didn't know what the market value was for these things when I was--when I started out in this thing.

To me, a TOW could have been $10 million or $1,000, and I wouldn't have blinked either way. I just had no idea what the going rate was. I never had occasion to go out and purchase one.

Q If we can stay on Mr. McGinnis' [redacted] for a moment, were you at all part of trying to grant him security clearances to get to [redacted]?

A No.

Q For the record, is that something the Attorney General is empowered to do, that is to grant clearances in an emergency or on a quick basis?

A I believe that is right, but I don't know whether he can do it on his own, or he has to go through somebody else.

Q If we could turn our attention to Saturday morning, do you recall when you left your home that morning, did you go to the Department of Justice or--

A I did. Actually, my first recollection is rather fuzzy on this. I thought I had gone directly to the White House, but I went to the Department of Justice first.

. Q You say your first recollection. When we interviewed you the first time, you told us you went straight to the White House.

. A I think I said I thought I did, I didn't have a good recollection of it, it was a little fuzzy; but my recollection at that time was, my best recollection at that time was I had gone directly to the White House, and then you all had probed on that and kind of refreshed it, and the fact is that I went to the Department of Justice before I went over to the White House.

. Q What happened in the interim to refresh your recollection?

. A Well, I discussed it with, I think you all showed me some notes that you had of John's, and I discussed it with John afterwards--

. Q John who?

. A John Richardson. And I recalled there had been a briefing or debriefing of the Shultz interview that morning before we went over.

. So, you know, I obviously had--my recollection was inaccurate at that point.

. Q Do you have any independent recollection of that morning meeting at the Department?

. A That is correct, I went to the Department. I recall I went to the Department.

. Q Do you recall how arrangements were made for you to go over to the NSC to review documents?

. A Well, only what you all have been told. I have no reason to question that account.

. Q Rather than say what we have been told, can you just tell us what you knew was going on at the time?

. A I was not involved in it. That was phone calls made by two other people to get clearance for documents, so if you want what my recollection was, I was not involved in that, I don't have any knowledge of it.

. Q Did you provide your birth date and car license number?

. A I doubt very seriously that I did, but I am sure my secretary did or whoever it is if they needed it. That is not a state secret.

. Q When you went over to the White House complex--

. A Did you say my license--

. Q Car license plate number.

. A I think that was because on Sunday I asked, I asked to get clearance so my car, so I could go in with my car. In order to get clearance, they need your license number. I think my secretary probably gave that information.

. Q On Saturday, do you recall when you left the

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Department of Justice, where you went?

. A What time? When I left the Department?

. Q Saturday morning, approximately 10:30, 11:00.

. A To go to the--

. Q To the White House.

. A I went to the White House.

. Q Did you go to the White House itself or the Old Executive Office Building?

. A I think we went to the White House and met Paul Thompson and walked over to the Old Executive Office Building to North's office.

. Q Did you know Mr. Thompson from before?

. A Just--yes. No, not well.

. Q Was Admiral Poindexter at the White House Saturday morning?

. A Not to my knowledge. I don't know.

. Q Did Mr. Thompson then bring you over to Colonel North's office?

. A Right.

. Q Was anyone with Commander Thompson?

. A No. J.R.

. Q So, it was the three of you that went over to Colonel North's office?

. A Yes.

. Q When you went over to Colonel North's office, was anybody there?

. A Yes. Earl--he is a Lieutenant; Lieutenant Colonel Earl.

. Q Anyone else?

. A No.

. Q What was Lieutenant Colonel Earl doing?

. A Nothing very dramatic. I mean, he got up and let us in and showed us to the room where we were to review documents, and there was a table there and placed on the table were a number of file folders, and basically, I don't know what he was doing at the time we were there.

. He was behind the desk, and on the phone and that kind of thing.

. Q Who was it then? Was it Earl or Thompson that actually showed you what documents were relevant and so forth?

. A Well, the documents were out. I would say it was Earl, because--yes, Thompson brought with him a folder that had the signed findings, and we looked at those. But those were the only documents he actually showed.

. And the other documents were ones that I believe had been pulled by Earl and maybe North, and they were on the table.

. Q The signed findings that Commander Thompson showed you, do you recall which ones you say?

. A Yes. I think it was the January 7 and the January 16 findings.

. Q Did they appear to be the originals?

. A They were the originals.

. Q How do you know?

. A Yes, they appeared to be the originals.

. Q In other words, the signatures or the handwriting were in ink?

. A Yes.

. Q Do you remember what color ink?

. A No.

. Q Do you recall any finding done prior to that date, November or December of '85?

. A No.

. Q Did--

. A I don't think so.

. Q Did you ask for copies of either the finding of the 7th or the 16th?

. A I am trying to remember whether what has affectionately been called the mini-finding was something we saw at that time--I don't recall. I don't recall.

. What did you ask me? Did what?

. Q Did you see any findings, did Commander Thompson show you any findings wherein in either November or December?

. A I don't think so. I think it was just those two.

. Q Do you know if Mr. Richardson showed you--

. MR. LEON: Could we have it read back?

. THE WITNESS: There was a question I asked, but didn't answer. Go back.

. [Whereupon, the reporter read the record as directed.]

. THE WITNESS: Yes, we did. We couldn't have.

. BY MS. NAUGHTON:

. Q You couldn't have copies?

. A No.

. Q Why not?

. A I gather copies of the finding at that time were not--those were the documents that were, the originals were held in the NSC and nobody was to have copies.

. Q Did Commander Thompson tell you that?

. A Yes.

. Q Do you know whether or not Mr. Richardson examined the findings with you?

. A Yes. Well, examined them, he looked at them.

. Q Do you recall any discussion between Commander Thompson and Colonel Earl regarding Colonel North and if he was going to arrive that day?

. A There was--well, there was some, I just have a vague recollection there was an inquiry made as to where North was or whether he was going to be there, and that the answer was that he didn't know where North was, and he thought that he was going to come in, but he didn't know when. That is my recollection of the exchange.

. Q Now, aside from the documents that were on the table in Colonel North's office, did either Colonel Earl or Commander Thompson retrieve any other files anywhere else in Colonel North's office in the morning?

. A Well, we looked at the documents that were on the table and they were very--they seemed to be quite comprehensive from the January '86 time forward, but very skimpy pre-January '86, and we questioned as to whether we had all the documents relating to that earlier period.

. And Earl said he would double-check, and my sense is that he--I don't remember whether he said he had to double-check with Ollie or just said he would double-check, but there were retrieved additional documents for the '85 period.

. I think it was about another accordion folder and a half. And that occurred during the time that we were away at lunch. So it was not in the morning, but it was Saturday. And when we came back from lunch, those additional documents were there.

. Q Do you recall asking for them right away then, or before you went to lunch?

. A We asked for them early on, because we took an eyeball look at what had been produced, and raised the question as to whether this was all the documents relating to the Iran initiative in the '85 period.

. I think Earl said he didn't have any knowledge, he didn't know one way or the other, but he would double-check. I don't remember if he said with Ollie when he comes in or exactly what he said. And there were indeed some additional '85 documents that were retrieved.

. Q Was it your understanding that these were the files, that the files of Admiral Poindexter and whatever Mr. McFarlane had left behind had already been searched, or was it your understanding these were solely Colonel North's documents?

. A I asked the question whether these documents contained the Poindexter and McFarlane submissions, and was told they had been searched and whatever there was in McFarlane and Poindexter's files pertaining to this matter had been included in the materials that were made available, except for a chron file of McFarlane, which was boxed up in several boxes, and I said we wanted to see that, at least we wanted to see all the documents relevant to Iran that were in, and Paul indicated that he would go back and look through them, he didn't think there were any such documents, but he would review them, and if there were, he would bring over any correspondence in that chron file that was relevant to the area of inquiry.

And he later called, quite late in the afternoon, Saturday afternoon, and advised me that he had indeed looked through those boxes and there were no documents at all relating to this matter, and so, no additional documents were brought over.

But I think we were told that the Poindexter and McFarlane documents had been included, that were relevant had been included in the submission on the table.

Q Were you told that by Commander Thompson or Colonel Earl?

A Thompson.

Q Did either Thompson, Earl or later when you spoke to North, indicate to you when they had been told that you would not coming to examine the documents?

A No.

MS. NAUGHTON: Do you want to take a break?

THE WITNESS: Yes.

[Recess.]

RPTS THOMAS

DCMN SPRADLING

[3:40 p.m.]

MS. NAUGHTON: Back on the record.

I can't recall the answer to the question so I guess I will reask it. Aside from the files that were put out on the table, did either Colonel Earl or Commander Thompson get any other documents out of Colonel North's office for you to review that morning?

THE WITNESS: That morning, not that I recall.

BY MS. NAUGHTON:

Q Do you recall actually looking at Colonel North's file cabinets or shelves for any documents?

A Not specifically as you asked it. We did walk over to a set of file cabinets that were open that had a number of documents pertaining to the hostages individually. I think that they were filed under the names of each of the hostages. And Earl advised that these were the only other documents that he was aware of pertaining to this whole area of inquiry and did we want to go through the documents that were specific as to individual hostages and basically contained information relating to their personal characteristics and certain different activities that related directly to the hostage taking and we did leaf through those to see what kind of information were in those files and determined that that information there was not something that was relevant to the whole area of inquiry that we were looking at and therefore did not remove any of those files from the file cabinet.

. Q Did you see any files in Colonel North's office relating to Nicaragua or the freedom fighters?

. A Other than the ones that have been identified no.

. Q Which ones do you remember?

. A There was a rather significant document that I would say related to it.

. Q Other than that document, did you actually see any files relating to--

. A No.

. Q As long as we are on that topic, once you found the memo which mentioned a possible use of residual funds for the freedom fighters in Nicaragua, did you then ask to see North's Nicaragua-related files?

. A No.

. Q Now, do you recall what time it was when you actually sat down to review the documents?

. A No, but I think J.R. wrote it down and I would be more than happy to rely on his note.

. Q Did you start reviewing it approximately at the same time?

. A Exactly the same time.

. Q Do you recall did you split it up in any particular manner?

. A Yes, you take this file and I will take that file, let's get started.

. Q So you didn't do it chronologically.

. A Well, I think we--I think we did start from--I am trying to remember whether we started from January '86 or from, I think we started from the most recent date and worked backward because the most documentation we had was in the '86 period and we had less in the '85 and we made it a request, asked whether there might be more documents in '85, started at the tail end and, started most recent time and move back chronologically, but, I am not so sure that it was done with any degree of precision in that regard.

. I know that we divied up files and unfortunately I got the wrong one.

. Q I believe you described the files as the accordion style files that are reddish brown in color.

. A Right.

. Q Do you recall how they were organized, in other words, were they organized solely chronologically or were they in order by in terms of types of documents, that is [redacted] section for memos, another section for correspondance?

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. A They were identified on their label as chronologically. There were interspersed and for the most part [redacted]. There were interspersed among the [redacted] other documents and my recollection is that they fit in chronologically, that for memos or letters and some of those were contained in a manila folder and some were just loose. But certainly the largest proportion of them [redacted] seemed to be in pretty good chronological order.

. Q Did it appear to you that the files were well organized or chaotic or somewhere in between, can you give us some sense?

. A In terms of being chronological sort of display they were well organized, they were chronological. I wouldn't have any frame of reference to know otherwise how they were organized. Whether they had some filing scheme relating to subject matter or what not I don't know, but the document we had made a request for documentation, the document had been pulled and they were in chronological order and seemed to be pretty orderly production in that sense.

. Not as good as our production to you of the DOJ documents, but pretty orderly.

. Q Did you know where there were any PROF notes, what we know as PROF notes? When I say that by the way, have you

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seen one in a public exhibit or have you seen what they look like. They are computerized messages that Colonel North and Admiral Poindexter used.

. A Right, if you mean the computerized message there were some but not many. If, that is, That is my understanding of the PROF note. But, I don't know whether that is accurate or not.

. Q While we are on the subject of that, at some point in that afternoon did you discuss with Colonel North why there were no PROF notes in the 1985 time period?

. A No.

. Q My notes of your previous interview indicate that you told us at that time that Colonel North told you because they didn't have a printer that it was his understanding that the '85 PROF notes had been deleted.

. A Well, he did, I guess that is right, although--I don't recall, I don't recall that as being in the '85 period. I do recall we had a discussion of the PROF note format and whether there were more of these or others of these, and he said that the printer they had was one they took it and then they hit a button and it disappeared and--that they didn't have a printer that would print out in type form the PROF notes which we were looking at until sometime, I don't know whether, when they got it, that is why there weren't more of these in the file.

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. My recollection is it came up in connection with a PROF note that had relevance to the McFarlane trip and so I had asked the question as to whether there were others similar to this, why there weren't others similar to this and he gave that answer, but my sense was it was around that, that is what triggered it, I was looking at that one at the time.

. He did, you are right that was the discussion we had.

. Q As you began to review documents I believe you testified that you started taking notes from them, is that correct?

. A Well, just identifiers. Rather than it was not clear to us initially whether we would be able to copy and take them out because they were NSC documents, so I wanted to jot down enough of an identification so that if I had to go back, I could pull the document.

. Q And when did it become evident to you that you would be able to copy the documents?

. A I don't know, I think that was right shortly before lunch I think.

. Q What happened to make you aware that you could copy them?

. A I think I asked the question I was getting tired of writing down all of these notations. I asked Earl whether

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there was any problem of us getting copies of these and he said no.

Q Did he check with anyone first?

A I don't recall that he did, but I am not sure. It may have been he said he didn't think so but he would check and I don't have a distinct recollection except I do have a recollection we did--had established before we left for lunch that we would be able to get copies of the documents.

Q Now, the documents you were looking at, did you select some for copying?

A Oh, yes.

Q And how did you designate which ones you wanted to have copied and which ones you did not?

A We pulled the ones we wanted to have copied.

Q Did you put them in a separate pile?

A Yes.

Q Did you mark them in any other way?

A No.

Q With paper clips or yellow tags?

A Well, J.R., I don't think we did, J.R. may have, I don't think so. I know I didn't, I just pulled them.

Q Now, I want to ask some questions about the memo that mentioned the use of residuals for the freedom fighters.

You told us during your interview that before you

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came across that one, that you had read a couple of other versions of that memo, is that correct?

. A Yes, well, what I assume were a couple of other versions.

. Q Can you tell us about that, tell us about the first version that you read of that memo.

. A Tell you about it? I don't have, if you show me the memo.

. Q The problem is it was never provided to the committee, we have never seen it. We have never seen--

. A So.

. Q You are the only one that we know.

. A Only one that saw it.

. MR. LEON: Wait, we have various versions of the memo. What we don't know if whether or not any of those versions are versions that Mr. Reynolds looked at. We have various versions of that memo.

. THE WITNESS: What I saw were my distinct recollection was two, because I remember going back after lunch and double checking it. Two other what I will call versions of that memo, that had either the exact same or virtually the same account of the events that were reported in the memo that had the diversion, but stopped short of the diversion entry.

. What I am trying to remember is I think they both,

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I think they both stopped short rather than jumped over. I am trying to remember whether one of them stopped short and the other just jumped over and had it all the same but for that. I didn't copy them because my job was to get my arms around what the facts were and I figured if I had one document that had it all in there, why copy three documents that gave me the same general information. That was a redundancy, so I had copied only the most comprehensive one.

But I recall very distinctly that the others were virtually the same if not identical in terms of the other information that was on the document.

I think they stopped, I don't think that they, well I can't remember now whether--jumped over or stopped at the place where the diversion was inserted.

BY MS. NAUGHTON:

Q Did either, did both of the other versions that you saw include the terms of reference?

A Yes.

Q Did either of the other two versions that you saw contain a reference to the November '85 Hawk shipment?

A If you let me have the one that I copied I can answer that. I think the answer to that is yes, but, if it was in the one I copied then yes, it was in the others.

Q Well, it is not in the one that we have as a public exhibit, which is why I am asking.

A What is public exhibit?

Q Public exhibit.

A The one I copied?

Q EM, that is.

A That is one that had the diversion paragraph in it.

Q No, let the record reflect I am showing you EM-44, which is admitted in the public hearing.

A Okay.

Well this is not--okay--I think that my recollection is that the other document tracked this document that had the diversion in it.

Q To your knowledge then, what was the only difference in the other two versions that you saw as opposed to the one that you have?

A I think that the only difference is the insert, well, the paragraph at the top of page 5, that starts ''The residuals funds from this transaction are allocated as follows.''

Q After the paragraph.

A I think that is right. I think that, I think, what was, is in after the paragraph was also in the other two. Because, my recollection is, they have these, it is not bullets but the next best thing NSC uses dashes I guess and the residual fund is additional sort of another subparagraph and when I went back and examined this, compared it with the other, it was a, what was missing was this insert that relates to residual funds.

My recollection of the other two tracked almost verbatim although I am not--the only thing that I recall that I think was different is one of them, the September 14/13 was not slashed and so it read September 14th. In other words, there was, it was not corrected. But I think otherwise they were identical. Of course I did a quick kind of look. I didn't track it word for word but I think it was essentially if not identical, virtually identical for the new item that related to the residual funds.

Q Specifically do you remember if there were two versions mentioned of November 8 a Hawk shipment?

A I think they were just, they were as this is.

Q Now, if I could direct your attention then.

A They were--this is--

Q If I could direct your attention to the portion where he describes what money will be deposited in the account, page 2--the part that is highlighted in yellow there.

A Right.

Q Was that in the other two versions which you viewed?

A I think the answer is yes, it was.

Q If I could direct your attention to the last page.

the page requesting presidential approval.

. A Although interestingly enough, I don't know why I have this recollection but, my answer is yes, I think it was but I recall this being at the top of page 3 rather than the bottom of page 2. I don't know why I have that recollection but I do recall the numbers, because I had, in reading this I had made a comment to, when I first came across the first of these three, I made a comment to J.R. about the price, about the dollar amount.

. My recollection was but it may be, it was top of page 3. Yes, I think that answer, I am confident that that was in there.

. Q If I could direct your attention then to the Presidential approval line, I believe it is at the end.

. A Right.

. Q Do you recall the Presidential approval portion being on the two versions which you saw?

. A Right.

. Q Now, the versions which you saw before the page 5 diversion?

. A Although there is a difference in that, my recollection on the terms of reference in the other one had ''draft'' written on it somewhere. I don't see that here. Although I think it was the same, I am not sure that I made as careful a comparison on that but I do recall that it had ''draft'' on it.

Q The other two versions which you saw specifically regarding the Presidential approval section, did you know whether or not any of those had been filled in?

A It had not been filled in. There was no--no indication at all.

Q Did either of those two other versions have a cover memo?

A No. They were just like this.

Q Were either of them dated?

A No, but the term of reference was dated because I remember in reading it, and then seeing the term of reference that the break point that, this is sort of it has done this and up to through April 3rd then April 7 I think is the next date they pick up, they will do something and term of reference was April 4. I was and the basis on, yes, by Monday; that is why this entry you asked me about.

MR. LEON: Which one?

THE WITNESS: Which relates to the Iranian governmental transfer, 17 million.

MR. LEON: What page?

THE WITNESS: It's bottom of page 2.

Is one that stands out because entry before that was on April 3, so and so arrived in Washington and this was by Monday they will and the term of reference was April 4th and I had noticed that in order to fix in my mind when these were logically prepared and had determined it had to be sometime between April 3 and April 7 given the content and so that is why the April 3 and April 7 dates stood out, that is why I say yes, I am confident that the paragraph you referred to was one that was in there but that is also, even further confirms my recollection it was up at the top because I recall the break point being one that April 3rd two pages what had happened, we started on another page what will happen.

BY MS. NAUGHTON:

Q Were all three versions found in the same accordion folder?

A I think. You asked me this before. I think they were all in the same accordion folder, they were not all, this one, file, the one that you pointed to me that has the reference to the residual funds, was in a manila folder that was labeled. The other two were not in that same folder. And I am trying to remember. My recollection was probably better last time, they; I think they were all in the same accordion folder although I am not totally--

Q You say it was labeled. Do you recall what the label was?

A It had a read WH written on the side, and it said I think it had a date on it, Iranian Matter or something like that. But the thing that I recall most vividly, it had a red WH on it.

. Q Do you recall what else was in the manila folder, if anything?

. A I recall that there was another document in it. I don't recall what it was. I do recall that it was not something that I viewed as significant enough to copy. But I just don't recall what it was. It may have been one or two various, the document, the other documentation in it was either a single page or a double page because it was in a manila folder and whatever it was didn't impress me then, and certainly doesn't now.

. Q Did this memo given that you dated it sometime first week in April, did it appear to be in the right chronological order vis-a-vis the other documents you found around it?

. A I don't have any firm recollection that it looked like it was out of place, but it was in a manila folder that was behind a number [redacted] that were not in the manila folder so, I am not sure that I can answer totally what you are asking. I don't have a sense that it was something that was shoved in totally out of place.

. Q Did the [redacted] concern activity in April of '86?

. A Yes, [redacted] concerned activity through the '86 period and whether it was March or April or May, I just don't know.

. Q The other versions of the memo you have before you, in what section of that folder were they found?

. A Well, it wasn't sectioned off, it was a lot of documents I was going through them and I didn't know in those terms.

. Q Were they interspersed than [redacted]?

. A Yes.

. Q Now, did you see any other memos similar to this regarding any other proposed shipment? In other words, memoranda which described how the money would be paid and how the residual funds would be used?

. A No.

. Q I will have the same question without asking about residual funds, did you see any other memos which described proposed shipments that were eminent?

. A Well, there were memos that had reference to McFarlane's trip that certainly did discuss shipments and you mean something other than [redacted]?

. Q Right. Let's take the February shipment first.

. A I think that, well--I don't know now, I am fairly confident where we copy them you have them, but you are asking me now whether there was a memo [redacted] on discrete shipment and I don't have that kind of recollection.

. Q What I am getting at, Colonel North testified before the committees that he wrote such a memo as the ones you have before you, before each planned shipment, and that he wrote approximately five such memos. I am asking if in your document reviews you saw any others like the one before you?

. A No, I don't, the other ones that I saw are the ones that I described and I don't recall seeing similar type memos relating to many of the shipments.

. Q Do you recall seeing other memos asking for Presidential approval on any aspects of the Iran initiative?

. A Well, there was the mini finding documentation relating to December of '85 and I think that there was, I am trying to remember whether I saw that document in connection with the document search or whether that is a document I saw amongst some other documents that we had collected, but that one had a similar, had a cover memo with a similar entry with regard to Presidential approval or disapproval.

. Q But can you remember whether or not you saw any documents relating to the November '85 finding in your document review of either Saturday morning, Saturday afternoon or Sunday morning?

. A I don't recall. As I said, I am trying to remember when I saw which document, and there are an awful lot of documents I have seen. The document I just described is one that I saw and I have a recollection of seeing over that weekend, what I am hesitating on is whether I saw it as one of the documents in the NSC files that we searched or whether it was a document that I saw otherwise. It could have been a document that Chuck obtained from State Department and shared with us in connection with a lot of documentation that was being looked at at that time, and I just, I am not clear in my own mind where that document surfaced first.

. Q The document before you, the one mentioning the use of residuals, did that have a cover memo when you first discovered it?

. A No. I have been asked that question before. I don't mean by you.

. Q I want to get it in the record.

. After you read page 5, of this memo, what did you do?

. A Well, as Chuck said it may have been a little more graphic. I said holy cow or something to that effect.

. Q Do you recall saying that out loud?

. A I did react with a comment out loud which made John Richardson look up.

. Q Do you know if Colonel Earl heard you?

. A I don't know whether he did or didn't, he was not in the room at the time.

. Q Do you know where he was?

. A He was in the next room.

. Q Was he in the upstairs office?

. A I don't think so. I think we right outside, we in a room with a table and I gather Ollie's desk, then there is a doorway and then there were two desks and, I think two desks and file cabinets and he was in that other room.

. MR. LEON: Was the door closed?

. THE WITNESS: No, in fact, no--I don't think there is a door there, I think it is just a passage way.

. MR. LEON: The door going outside. He has a door on his office.

. THE WITNESS: It wasn't closed.

. I don't think he heard, no, I didn't make a, didn't get up on table. And made, I made utterance that was certainly something that John Richardson heard.

. BY MS. NAUGHTON:

. Q What was Mr. Richardson's reaction when he read that?

. A The same.

. Q After that, did you two discuss it.

. A No, we, no.

. Not at all.

. Q Did you communicate in writing about it?

. A No.

. If we had, you would have asked me for the notes.

. Q We have notes--

. A You have them all, I promise you.

. Q Now, do you recall how soon into your document search in terms of minutes or hours that you came across this memo that mentioned the use of residuals?

. A No.

. Q Can you give us an idea, one hour, three hours?

. A No.

. Q Do you recall how much longer you stayed?

. A Anybody going through documents search will understand that answer.

. Q Do you recall how much longer you spent reviewing documents until you went to lunch?

. A From the time I found this?

. Q Yes.

. A No.

. Q Okay, I anticipate when you found that memo you wanted it copied to take back with you, is that correct?

. A Right.

. Q And what did you do in order to see that that would be done?

. A Nothing at that time.

. Q What did you do with the document?

. A Put it back in the folder where I found it, and put it back in the accordion file. Wiped off all my fingerprints.

. Q Why?

. A I figured that the best way to handle it was to include that with a stack of documents that we were going to have copied, and not to have it separately given to them to copy.

. Q Why didn't you put in--

. [Witness conferring with counsel.]

. BY MS. NAUGHTON:

. Q Let the record reflect the witness has consulted with counsel.

. Why did you put it in a stack where the other, where you had put the other documents to be copied?

. A Well, it was obvious to me that this was a significant document. It was also easy for me to retrieve it because it was in a discrete manila folder that was readily identifiable and I knew that we would be out of the office for a period of time to go to lunch and it seemed to me that the more discreet way to handle it was not to flag the fact that we had found something of this nature.

. So out of an abundance of caution I put it back in the folder.

. Q What were you afraid would happen if you put--

. A The cryptic comment about wiping off all the fingerprints was a poor joke.

. Q What were you afraid of/ what happened if you designated it in the pile to be copied?

. A It occurred to me that if, that if we were going out to lunch that there might be a review on their part of the documents that we had collected to have copied, and until we had gotten through our document search this was a new item, and I felt that it was smarter to not cull that out and have it there for that kind of review.

. Q When you said there, whom did you have in mind?

. A I said what?

. Q You said occurred to you that that, we could have it read back, the word was there, I wanted to, for you to identify who they would be that might--

. A Well, Ollie North and Earl were the two, although there was a third gentleman, I didn't get his name.

. Q Jock?

. A Jock Harfin, Sharfin, who relieved Earl who was another, was the third individual that I saw over at that office.

. Q Are you sure he was there Saturday?

. A Yes.

. Q When you saw he relieved Earl, does that mean that someone was designated there to be there while you were reviewing documents?

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. A I don't know.

. Q What gave you the impression he was relieving Colonel Earl?

. A Because he came on and Earl left.

. Q Well, again my question, what made you think he was relieving him as opposed to just coming?

. A Well, I don't know, I was not attaching any difference. I--what is the distinction?

. Q Well, in my mind relieving somebody means you have the same duties and one shift leaves and another comes on.

. A Well, what would be the difference between that and one going and the other coming?

. Q Well, you might not have the same duties.

. A Well, in Saturday office in afternoons that said only activity people sitting around looking at documents, I am not sure what duties they would have in mind, I don't know what their estimate was. I know one left and the other came and I assumed that if there were other people in the office not normally there on Saturday afternoon and it being an NSC complex, that the common sense way to handle it from their standpoint was to have somebody there available to assist us in our efforts and to be on location until we left.

. I assumed Earl was performing that role as long as he was there, and then when he left Jock came in and did it.

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. Q Did Jock help in the copying of documents?

. A Yes, sir.

. Q From the period you found the memo mentioning the diversion of funds, until you went to lunch, did you pick out any other documents for copying?

. A Yes.

. Q Did you put them in the separate pile?

. A Yes, I think so.

. Q Is the memo mentioning the diversion only the memo that you put back in its place that you had?...

. A I think.

. Q Intended to copy?

. A I think that is right.

. Q Now, by the time that you and Mr. Richardson left for lunch, can you give us an idea how many accordion folders you had gone through?

. A I want to say two each, but, roughly two each I can say that. In that neighborhood.

RPTS DOTSON
DCMN PARKER

BY MS. NAUGHTON:

Q Do you remember approximately how many were on the table?

A Six, seven, six or seven.

Q When you left to go to lunch, was Colonel Earl still there?

A Yes, I think so.

Q Did you tell him that you were going to lunch?

A I think we did. North arrived just as we were leaving. I can't remember. I mean I think the answer is yes, but I am just trying to be accurate. I think we may have said it just generally because I didn't report in and out to him. My sense is that we indicated we were going to lunch and he certainly was in earshot.

Q And what did Colonel North say to you, if anything, when he arrived?

A Hello.

Q Had you met Colonel North before?

A Yes.

Q He knew who you were?

A Right.

Q Did you introduce Mr. Richardson?

A I am sure I did, or he introduced himself.

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Q Did North say anything else besides hello?

A I think there was an exchange of pleasantries, but I don't recall exactly what it was, and I don't recall even generally what it was.

Q Did you ask him for anymore documents at that time before you went to lunch?

A I don't recall that we did. I notice we had asked Earl, and I can't recall whether I indicated to Ollie that we were a little surprised about the volume in the 1985 part of the request, especially in light of what we got in 1986, and we had asked Earl to double-check whether there were more. I just can't recall whether that conversation took place or not.

It may well--there may well have been an exchange along those lines. There may also as well not have been, and I just don't recall. He was coming in as we were leaving, and we had to meet the Attorney General, and so it was not a situation where we had a lot of time to kill, and I just don't have a distinct recollection what that conversation was. I don't know whether that took place or not, but it was sort of a passing conversation.

Q When you left to go to lunch, did you take the two folders that you had reviewed and put them some place separately from the others you had not reviewed?

A I don't think we did. I think we just left everything as were.

Q Do you recall whether there were papers out of the folders that you were reviewing or did you put everything back in the folders before you left.

A I think there were papers out of the folders. I read where there was an exchange when we came back with Earl about an empty folder on the table, and I had the vaguest of recollection about that, but my sense was that was a folder we had taken documents out of and left on the table and--so that there were loose papers on the table.

That is my general sense, but I have to admit I don't have a specific recollection.

Q Do you recall where you read that?

A Yes. In Earl's deposition.

MR. BOLTON: Which was made public by the committee.

THE WITNESS: Right. Well not only made public, it was read over national T.V. or whatever by--who was it? One of the members of the committee.

MR. LEON: McCollum.

MS. NAUGHTON: Only a portion of the deposition we released. It is being released in its entirety today.

THE WITNESS: That portion.

MR. LEON: Relating to the investigation that weekend.

THE WITNESS: That was one of the released portions. That's all.

BY MS. NAUGHTON:

Q Did Colonel North mention to you before you left for lunch any of is lunch plans?

A No.

Q Did he tell you whether or not it was his intention to start work or to go some place or whether he was just popping in for a minute, anything like that?

A No.

Q What about Colonel Earl, did he give you any sense what he would be doing while you were at lunch?

A No.

Q Did you go directly to the Old Ebbit, to lunch from the White House?

A We did.

Q Was the Attorney General and Mr. Cooper there when you arrived?

A I think they--I think we all arrived about the same time, it is my recollection.

Q And when you sat down and began talking, do you recall what was first discussed?

A No, not in any kind of chronological order. I know that we sat down and there was a exchange of their activity. I think they recounted first their discussion. I am trying to remember whether it was Chuck or the Attorney General. And then we shared what we had found in the documents.

. Q Is there any reason why you didn't mention what you had found in that memo right off the bat?

. A Well, I--no. No one is going to jump off and leave within the first 5 minutes. Usually when the Attorney General pulls forth, I wait until he is through before I jump in.

. Q What was the Attorney General talking about?

. A The same general topic. I mean, on all of our discussions throughout that weekend were related to the information we were pulling together and what kind of story was unfolding, what he learned, what he learned.

. MR. LEON: You are talking about the meeting with Sporkin?

. THE WITNESS: I am talking about the meeting with Sporkin. Right. And I think there was further discussion about the Shultz meeting, because I had not talked to the Attorney General about the Shultz meeting.

. BY MS. NAUGHTON:

. Q Do you remember them specifically discussing the Sporkin interview at lunch?

. A I think there was, yes. I think there was discussion about what went on in that meeting.

. MR. LEON: Do you recall in specifics, Mr.

Reynolds, if he commented about the fact Sporkin had informed him there had been a finding in a memo in 1985?

THE WITNESS: I don't recall that specifically. I recall that there was--that Sporkin had prepared a finding and there had been some discussion relating to the retroactive, possible retroactive force of such a finding, whether that could or could not be done legally and whether it made sense to do it or not, and Sporkin had been involved in that set of discussions and in the activity of drafting the finding.

I don't have a specific recollection of him saying or them saying that Sporkin had affirmed that a finding had been signed.

MR. LEON: No, I didn't mean to suggest that, because, as I recall the Attorney General's testimony was that morning was the first time that he had learned there had even been a prepared finding back in November of 1985 and therefore I was just curious as to--I mean that was a new revelation to him and a fairly substantial one.

It raised new legal issues and I was wondering if maybe he brought that out.

THE WITNESS: That was discussed. And there was some discussion on the whole retroactive question that was raised in Sporkin's mind and everybody else's.

BY MS. NAUGHTON:

. Q When you mentioned what you had read in the memo that discussed the use of the residuals, why don't you give us your version of what your reaction was.

. A Well, the--there was a--I would say a look of surprise on the Attorney General's face, and he said something to the effect, ''Holy Toledo!'' It was probably a little harsher than that. And Chuck reacted similarly.

. Q What did the discussion attorney turn to then after the expressions of surprise?

. A Well, the discussion was really in terms of what the memo did say--actually, there was that point that I made and there was one other point that I referenced, which I felt was also of some significance, which related to a reference in the document that Kadaffi had undertaken to obtain or was undertaking at the time of the reference. And I am trying to remember what it was, but was trying to obtain the hostages to put them on public trial, and then to do all sorts of awful things to them and that major concern on the part of the U.S. Government was that we get the hostages before Kadaffi gets the hostages, and that was reflected in some of the documentation I had read.

. And I felt that was also a piece of information that was markedly different than anything that had come out relating to this whole affair. So I had also made specific reference to that as well as to the residual funds, and the discussion following that was a--there was some--the Attorney General questioned as to whether the reference in the memo, as to exactly what it was that was said, and my recollection is, was--really went to whether the memo indicated that this had happened and, if so, with respect to what the shipments, and how much.

And my answer was that it was a rather cryptic reference and it was all--it had reference to what was going to happen in the period following April 7, and that the memo did not indicate that it had indeed taken place and thereforq, and I had not come across any documentation up to that point that suggested to me that this was indeed a fact, but rather that it was something that somebody had put in as an aspiration, and we would need to probe with North and also need to further search the documents to get information that indeed that reference had any substance to it as opposed to just being one of the ideas that found its way into a memo, and that discussion took place.

Q Did you discuss whether or not Colonel North wrote it?

A No. I mean, I don't think there was a discussion as to--I think--no, I don't--no, we didn't discuss that.

Q Was there any discussion of political indications of what would transpire if indeed the diversion had been done or accomplished?

A Well, there was a recognition it was politically significant, and that probably understates the assessment. And there was certainly a recognition stated that in fact we would need to explore with everybody involved up to and including the President regarding this matter and who had knowledge, if indeed it took place, and where the direction came from.

I need to go back, though, and revise something, I guess, because in looking at Chuck's chronology, it looks like we met with Sporkin after the lunch rather than before the lunch, so my recollection of that discussion must be confused in time, so we must have had the discussion on the Sporkin thing--I remember having the discussion I indicated, but indeed if they met after lunch, it would have been another time.

MR. LEON: I believe the testimony was, and I will stand corrected if I am wrong, but I believe the testimony was that it was in the morning.

MS. NAUGHTON: We shouldn't debate it on the record. There is a severe discrepancy as to when it took place. That is why I asked if indeed at lunch you remember discussing the Sporkin--

THE WITNESS: My recollection is that that discussion took place, and my recollection is that there was discussion at lunch relating to to the matter we talked about, but again, trying to put a time frame on each of these discussions which were ongoing and regular throughout that weekend, it is very hard for me.

So, if indeed he met with Sporkin after lunch, then I had discussion with the A.G. and Chuck after we got back to the department.

MR. BOLTON: Let me just ask if we can--we are around 4:30. How much do you think you are going to have? Is there a chance of finishing before 5:00?

MS. NAUGHTON: No, we won't finish before 5:00.

MR. BOLTON: How much longer do you think you have?

MS. NAUGHTON: I would say another hour and a half to two hours that I have.

MR. MCGOUGH: I probably have 45 minutes.

MR. LEON: Maybe I have a half hour.

MR. BOLTON: Don't see any reason not to terminate this at 5:00 and--

MS. NAUGHTON: Can we go off the record?

[Discussion held off the record.]

BY MS. NAUGHTON:

Q Did you discuss at the lunch on Saturday whether or not to interview Colonel North right away; that is, on Saturday afternoon?

A No, not in those terms. It was clear we wanted to interview North and the interviews were really set up across the board in a way that would accommodate everybody's schedule, and so the Attorney General basically was calling the different people and saying, ''When can you meet?'' And when they could meet we would meet.

Our sense was that the North interview ought to be at the end of the interviews rather than at the beginning or in the middle. And the more documents we could review and the more people we could interview before we talked to North, we felt the more productive the interview would be with North, because we could do it on a more informed basis, and therefore hopefully have a better ability to sort of fit all the pieces of this puzzle together.

So there was not a discussion as you have asked the question, although it was certainly discussed that this was an item that we would want to talk to North about.

Q Well, was it discussed when you actually would be--

A Again, this is trying to put in place a time capsule over a weekend that was very hectic and things were happening one on top of the other. I know that the Attorney General made a call to line up the meeting and that he arrived at the Sunday afternoon, after North said he wanted to go to church on Sunday morning with his family. Now exactly when that was done, I'm not sure whether it was before we met for lunch, and he reported that at lunch or whether it was after the lunch break, and he reported to the next time we got together.

My distinct recollection is when I saw Ollie Saturday afternoon after lunch he announced that he was going to meet with us Sunday afternoon. Now, whether that was immediately when I got back or at some point that afternoon, because he at one point suggested to John and I, while we were doing documents, that maybe we would like to ask him some questions.

My answer was that I thought probably it was best to wait until we could all get together with the Attorney General so he could give his answers once rather than twice. Therefore, I felt it would not be a good idea for us to have any side bar discussions Saturday afternoon. At that point either he said or I had been advised over lunch that the, that the meeting would take place at 2 o'clock on Saturday afternoon.

So I just can't tell you the time frame. I can tell you that at some point Saturday I was aware that that meeting had been set up for 2 o'clock in the afternoon.

Q When you said you told North that it would be better for him to be interviewed by the Attorney General, had he then--had arrangements already been made? In other words, did he inform you that he had already made arrangements for that, or did he then call the Attorney General and make arrangements?

MR. BOLTON: I am going to object to your characterization in that question as to what Mr. Reynolds testified to. I think what he testified what he said to Mr. North was in order to avoid answering the same questions twice they might wait for the interview with the Attorney General, not that it was better the Attorney General interview him.

I think you can ask your question not subject to the objection by recharacterizing it.

BY MS. NAUGHTON:

Q Mr. Reynolds, can you answer the question?

A I think I tried to answer it just before. I don't have a distinct recollection as to when I first acquired knowledge that the meeting was going to be taking place at 2 o'clock on Sunday. I know that I learned of that either from the Attorney General or from North, and at the time that he and I had that conversation about answering questions on Saturday afternoon, I was aware that there was a 2 o'clock meeting scheduled for Sunday.

Q Were you present in the room when the, when Colonel North spoke to the Attorney General?

A I don't know. Not that I am aware of. But he had a lot of phone calls Saturday afternoon, and I am not sure who was on the other end of most of them. There is only one I know--there is one I know for a fact was on the other end.

There is another he told us who was on the other end.

. Q Now, when you came back to the Old Executive Office Building, was Colonel North in his office?

. A Yes, I think he was. I think he was.

. Q Did he let you in?

. A I don't recall whether he did or Earl did. I think Earl was still there then. I think Jacques relieved him or Jacques came and he left. I don't remember who opened the door.

. Q Did Colonel North indicate to you in any manner what he had done over the lunch break?

. A No.

. Q When you got to the table he had been working, did you notice whether or not any documents were misplaced or in any way disturbed from how you had left them when you left them?

. A My--I don't think that they were touched. There were additional documents on the table, however. I think there were two additional folders or one and a half, and they were related to the 1985 period, and we were told, I think by Ollie, that they had been documents that were in his files relating to 1985 that they had found or that they had inadvertently put out.

. Q What did they consist of, to your knowledge?

. A [redacted] memos, some correspondence generally relevant to various arrangements, activities.

. Q Did you see in any of the documents that you reviewed any travelers checks or ledgers for expenses?

. A No. Although I think there was a memo. I think there was some reference to some expenses related to the McFarlane trip, and--but I am not real clear on that either. But, no, the answer, I don't really recall. Certainly there were no travelers checks and I don't recall any ledger as such, but I do think, my recollection is there was some reference in a memo to some costs associated with the McFarlane trip.

I think that is right.

. Q Did you see any handwritten notes on spiral notebook paper?

. A No.

. Q Did you see any telephone logs or telephone message slips?

. A No.

. Q My question is going to apply to the entire afternoon of Saturday afternoon. Can you give us an idea of your various encounters with Colonel North and what he said to you or might have asked you and what your response was?

. A What he did under my nose?

. Q Yes. No--first, let's confine it to just your interaction with Colonel North and then we will ask about his telephone conversations with others.

. A Well, we were in his immediate office, and he spent a lot of time at his desk reading the newspaper and offering his observations on the accuracy or inaccuracy of the news accounts of his activity, on the phone a good part of the time and looking at some documentation and I think it is fair to say that he stayed at his desk the overwhelming majority of that time. We got up together and went to get some coffee at one point, which was simply to the other room in the same complex of offices, and he did get up and left the room once for a period of maybe three to five minutes, I think, to go to the rest room.

. And he got up and walked out and talked to Jock [redacted] once or twice, but most of the time he stayed at the desk.

. Q Did Colonel North use a shredding machine in your presence?

. A No.

. Q Do you know whether or not the shredding machine in his office complex was working?

. A I have no personal knowledge. I am told that Earl advised North that it was not, that it was jammed and not working.

. Q Who told you that?

. A Mr. McCollum, I guess, that read the transcript of Earl.

MR. BOLTON: Appealed to the listening audience.

THE WITNESS: Right. Earl testified in his deposition that was the case and McCullom read that in the hearings.

MR. LEON: During the testimony of Mr. Meese.

THE WITNESS: During Mr. Meese's testimony.

BY MS. NAUGHTON:

Q Did anyone, that is Colonel Earl or anyone else at the NSC, use the shredding machine in your presence?

A No.

Q Did you hear Colonel North or Colonel Earl refer to going anywhere else to use a shredding machine?

A No.

Q Did you happen to notice the bag in the shredding machine and whether or not it was full?

A I noticed the bag in the shredding machine. My recollection is it was not full, but I won't say it was empty. My impression is that the shredding machine had been used, but I don't think that it would be fair to say that the bag was full. I don't think it was empty, either. I think there was debris in it.

Q Other than the conversation you mentioned where Colonel North invited you to ask him questions, did he volunteer any information during that afternoon while you were reviewing documents?

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A Volunteer information?

Q In other words, did he come over and chat with you on any subject?

A Well, as I say, he was at his desk and he was about as far away as this chair was from this desk--

MR. LEON: Could you give us an approximation in feet for the record?

THE WITNESS: Well, the front of his desk was all of 3 feet away from where I was sitting. He was on the other side of the desk. He did make remarks from time to time to us. As I say, he made some remarks about news accounts in the paper. He had a phone conversation with, as I identified the other speaker, Nir, while we were there, and then after that phone conversation shared with us that Nir was as perturbed by the news account as Ollie was and had every reason to be.

He had a phone conversation with Paul Thompson and I know that to be the case because he handed me the phone after he talked to Paul for about 5 minutes and Paul advised me he had searched the chron file of McFarlane and had found nothing. And I think that there may have been some exchange of some remarks after that, some conversations, but I don't recall what they were.

BY MS. NAUGHTON:

Q Do you recall what North said to Thompson while he

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was talking to him?

. A No. It was some light comment on the events as they were unfolding and the misinformation, the fact that nobody--I only have one side of it, but that nobody seemed to accurately have a full picture of what was really involved in the Iranian situation, but nothing that was any more revealing than that. He did, in his conversation with Nir, he did go into code after about 10 minutes of regular discussion.

. He had about 5 minutes of a talk in whatever the code words were.

. Q Did he use the term, ''Beethoven?''

. A He may have. There were a lot of sort of strange terms, but I can't say. I won't testify under oath that he did, but it wouldn't surprise me if that was one the terms used.

. Q Do you recall him telling Mr. Nir that--

. A If you tell me what Poindexter's code name was.

. Q That was Beethoven.

. A He did use that.

. Q How do you know that that was Poindexter?

. A Because the, it was--I don't know whether he did it on purpose, but he basically used them. He was talking and he said--he was talking in code and then all of a sudden he said, ''Poindexter,'' and then said, ''I mean Beethoven.''

I damn near fell out of the chair and looked at John and go like that and John went like that. And so if Poindexter was Beethoven, he did use that, yes.

It was really quite amusing. I mean I assumed he wanted me to know Poindexter's name was Beethoven.

MR. LEON: You don't remember Beethoven separately apart from that? It couldn't have been Mozart to stand for Poindexter?

THE WITNESS: Whatever it was, he used. I can't remember now what it was, but I remember noting that and kind of an amused conversation after the fact. Obviously Ollie wanted us to know what Poindexter's code name was. It didn't just slip out, and I thought that was kind of amusing. But I think--I mean Beethoven does ring a bell. So I think if that was Poindexter's name, that would be--

MR. BOLTON: On that note, we are getting close to 5 o'clock. If it is convenient to break here, why don't we do that.

MS. NAUGHTON: Yes.

MR. MCGOUGH: Were the telephone calls on a secure phone of any kind?

THE WITNESS: I don't know. My impression is that, no, they were not. I don't think that he was talking on a secured phone. And I don't recall--I think that it is. I think it is accurate to say he did not have a phone call on a secured phone while I was there.

MR. MCGOUGH: Thank you.

THE WITNESS: Now, having said that, if there is a direct secure line between Paul's office and his office, I wouldn't--that might have been.

BY MS. NAUGHTON:

Q Do you recall how many terminals, computer terminals were at Colonel North's desk?

A No. I mean I know there was one at his desk. There was an area upstairs that I never went up to and I don't know whether they had a terminal up there or not. I don't think there was a terminal on the desk out in the reception outer office.

Q Do you recall how long you stayed?

A Oh boy, John, I think, noted that down, too. And I just don't know what the time was. I want to say 6:00--I want to say something like 6:30 or 6:00, but it would be--I think he has recorded that, and it is accurate whatever he recorded.

Q I had a question about copying the documents. I take it you left with copies of some documents that you designated.

A Yes. When we left we had copies of every document that that day we had designated as for copying.

Q When you came back from lunch, then, did you have a

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separate stack of documents to copy that you had set aside for the moment?

. A Right.

. Q When you came back from lunch, did you put the memo mentioning the diversion of funds into that pile?

. A I am not sure whether I put it into that pile or with some of the other ones that I was looking at and had copied later on after lunch.

. Q So it could have been in with the morning documents or with the afternoon documents?

. A Right.

. Q Do you recall who copied the documents?

. A Yes. I think ~~[illegible]~~ Jock copied the documents.

. Q ~~[illegible]~~ Jock?

. A Yes.

. Q Is he the only one who copies documents?

. A I think that is right. Although my recollection also is that Ollie copied one handful of documents.

. Q Do you remember which handful that was?

. A No. But if you are wondering whether it included the memo, I didn't have the nerve to try that one. No, it was a handful of documents, but it did not include the memo that became so significant.

. Q How do you know that?

. A Because I did not hand him that memo.

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MR. LEON: Purposefully.

THE WITNESS: That's right. Absolutely.

BY MS. NAUGHTON:

Q Do you know whether or not Mr. Richardson copied any documents?

A No, he did not.

Q Do you know--

A Well, he had documents copied if--I mean when you say--I am not exactly sure what your question is now that I think about it.

Q Did he personally put them on a machine?

A No, he did not.

Q Do you know whether or not Colonel Earl copied documents?

A I don't think he did, but I am not--I am trying to recall now whether Earl, when Earl left, and--is his name Sharfin?

MR. LEON: Sharfin.

THE WITNESS: It may be that Earl~~y~~ copied some documents early in the afternoon when he left, if he was there, and I just can't remember that.

BY MS. NAUGHTON:

Q Do you recall, were any documents copied in the morning?

A No.

. Q I don't think there were. My recollection is no there were no documents copied in the morning.

. Q And of the ones you had copied, can you give us an idea of how thick a stack that was?

. A For Saturday?

. Q Yes.

. A I would say two inches, three inches, between two and three inches.

. MR. LEON: Can you do it with your index finger? Half of an index finger?

. BY MS. NAUGHTON:

. Q Do you recall which of you, that is you or Mr. Richardson, took possession of the documents Saturday morning?

. A He did. We both took them back--I mean we went back together and it was decided that we would have John be the repository for the documents and we would lock them in the safe, and so all the documentation was basically given to him. I think at some point he and John McGinnis collaborated on what we were going to do with documentation because John had picked up some [redacted]

. MR. BOLTON: John McGinnis.

. THE WITNESS: John McGinnis had picked up some [redacted] and brought them back from his review the night before, and so, you know, who technically wound up being the custodian I am not sure, but I gave them to John Richardson, and I think he was the person who basically was coordinating the document retention activity.

. BY MS. NAUGHTON:

. Q Did Colonel North leave with you that evening, I mean leave his office?

. A I think so. I think he locked up, we went out together, and he locked up. I think that is right.

. Q Was he specifically waiting for you to finish, or did you get the sense that he just happened to finish his work at the same time?

. A I don't get the sense that Ollie just happened to do anything. My sense is that he was going to leave when we left and not before. But I don't know that for a fact.

. Q Did you indeed see him actually leave? In other words, drive away in his car?

. A No, I did not see that.

. Q Where did you last see him on Saturday?

. A I think in the hall, I think after--I am trying to remember now, but I think it was in the hallway. My sense is we went one way and he went the other.

. Q Did you drive back with Richardson to the department?

. A I believe so.

[Discussion off the record.]

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[Whereupon, at 5:00 p.m., the deposition was adjourned, to reconvene at 2:00 p.m., Tuesday, 1 September 1987.]

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of the

U.S. HOUSE OF REPRESENTATIVES

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DEPOSITION OF WILLIAM BRADFORD REYNOLDS

(CONTINUED)

Tuesday, September 1, 1987

U.S. House of Representatives,

Select Committee to Investigate
Covert Arms Transactions with Iran,

Washington, D. C.

The deposition was taken at 2:05 p.m., in Room B-352, Rayburn House Office Building, Pamela Naughton presiding.

Present: On behalf of the House Select Committee: Pamela Naughton and Richard Leon.

On behalf of the Senate Select Committee: Thomas McGough.

On behalf of the Witness: John Bolton, Department of Justice.

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MS. NAUGHTON: Do you want to re-administer the oath?

THE REPORTER: No. You are still under oath.

Whereupon,

WILLIAM BRADFORD REYNOLDS

was recalled as a witness and, having been previously duly sworn, was examined further and testified as follows:

EXAMINATION ON BEHALF OF

THE HOUSE SELECT COMMITTEE

BY MS. NAUGHTON:

Q This is a continuation of the deposition of Mr. Reynolds; and I guess when we last left you, Mr. Reynolds, you had ended your activity on Saturday, the 22nd, regarding the weekend inquiry. I want to take it up again on Sunday morning, the 23rd of November, 1986.

Do you recall what you did after leaving your home on Sunday morning, the 23rd?

A My recollection is I went to the White House and -- directly, as a matter of fact. I think I had clearance to park and went back to the NSC office of Oliver North and continued with a review of documents.

Q Was Mr. Richardson there when you arrived?

A I don't recall. I think -- I think the answer -- I think he was, but I'm not sure which one of us arrived first. I believe he -- I think he got there first.

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under provisions of
[illegible] National [illegible]

Q Do you recall about what time you arrived?

A No. I want to say 9:30, 9:45, a little before that or after that. I just don't recall.

Q And when you arrived, where were the documents that you had yet to examine?

A On the table.

Q Okay.

A On the same table that they were on when we left.

Q Did they appear to have been changed or disturbed in any way?

A Not that I noticed.

Q Were all the documents in their folders or were there some spread out on the table?

A I believe they were in manilla folders, but I don't have a clear recollection of that. There may have been some on the table.

Q Now, when you began your document review on Sunday morning, did you take notes, any notes of the documents you were reviewing?

A No.

Q Did you set some of those aside for copying?

A Yes.

Q Do you recall which ones, offhand?

A No.

Q Do you recall approximately how many?

A No.

Q Was it a one-foot stack, a one-inch stack?

A I don't have any recollection. It was between one inch and one foot, I suspect.

Q Do you know who was there other than yourself and Mr. Richardson?

A Jock was there and I think that was all. In fact, I'm fairly confident that was all.

Q So Colonel Earl was not there on Sunday that you can recall?

A No.

Q Colonel North was not there Sunday morning?

A No.

Q Who was it that actually did the copying then of the documents that you set aside?

A Jock did the copying.

Q Was the shredding machine in use at all on Sunday morning?

A No.

Q Did you --

A It was not in use at any time that I was over there, Saturday or Sunday.

Q Could you tell us generally the documents that you reviewed Sunday morning, what they consisted of?

A Largely [redacted] some memoranda, some correspondence. I think that they were in the time frame of '85 and early '86. I believe it was probably the latter part of '85 and the early part of '86, chronologically.

Q Did you see any other documents that reflected the use of residual funds from the Iranian arms sales for the benefit of the contras?

A No.

Q Did you see any documents that referred to the contras or the freedom fighters in Nicaragua in your review Sunday morning?

A I don't have any specific recollection of any. On the other hand, you know, there may well have been some reference in one of the documents or another of the documents to something like that, but I don't have any clear recollection; nothing having to do with funding.

Q Did you ask Jock or anybody else or did you contact anybody else with the NSC to obtain any of Colonel North's documents regarding his activities vis-a-vis the contras?

A No.

Q Is there any particular reason why you did not ask to see those documents?

A Well, we had already asked several times North and Earl and I believe also in the presence of Jock Scharfen -- S-c-h-a-r-f-e-n -- and also in his presence, we had asked several times for all documents in the files of the NSC relating to the Iranian arms initiative, as I guess you described it last time we were together; and I think that that -- it would be fair to say, as broadly as you defined it the last time we were together, so that I felt confident if there were any other documentation, if there was any other documentation that might relate to residual funding tied to the Iranian activity, we would have obtained those documents; they would have provided that in response to the request we had already made.

Q Did you make any request subsequent to finding the "diversion memo" on late Saturday morning?

A Yes. In terms that I just described, we did; Saturday afternoon.

Q And whom did you ask Saturday afternoon?

A North and Earl, I think at that time. Well, I'm not sure who was there. I don't know whether Scharfen or Earl was -- I don't know which of the two was there in the afternoon, right after we came back from lunch. My recollection is Earl left and that Scharfen was the person right after lunch; but it may well have been Earl was there briefly after the luncheon break and then was left and Scharfen came on.

But whichever of those two, or both of them, was there and North, were asked after we came back from the luncheon break, they had indicated that they had made available to us additional documentation in '85, which indeed they had, and we again made the -- asked whether this was all the documentation and asked them to be sure that if there was any additional documentation, that we wanted it.

Q For the Iranian initiative?

A For anything that might relate to activities pertinent to the Iranian arms activity, sure.

Q After you found what we called the diversion memo, did you specifically ask Colonel North, Colonel Earl, Commander Thompson or anybody affiliated with the NSC for documents relating to the freedom fighters in Nicaragua?

A We made no request such as you just made.

Q Okay. Do you recall how long you were at the NSC Sunday morning reviewing the documents?

A I think probably until around noon. Again J.R. -- John Richardson -- I think noted specifically what the timing was, and I accept his notation or his indication of that, because I think he wrote it down.

Q And what was done with the documents when you left the NSC?

A Well, the ones that had been produced -- we did not finish the document review by the time we left on Sunday. There were additional documents to be reviewed; and so we left with the understanding that the documents would remain on the table and that was all of the ones, not just -- not just that group that we hadn't reviewed, but that they would leave the documents in place so that we could come back and do a further review.

I think that we at that time had indicated it would be on Monday, not later that evening, in other words. And then the documents that we had copied, we took with us, or we took the copies with us.

Q Do you know if indeed anybody came back on Monday to do further document review?

A I am not sure. John Richardson was the one who was going to come back and I don't know whether he returned on Monday or Tuesday. I know things were pretty jam-packed on Monday with a whole lot of other activities. I am not altogether certain he got back on Monday. I have a recollection he didn't get back until Tuesday; but I'm not real clear on that. He can testify better than I can on that point.

I did not go back, because I got involved in doing a lot of other things, plus I had other responsibilities at the Department.

Q Can you recall which category of documents you left unreviewed?

A Well, the documents weren't categorized as such.

Q Can you categorize them by time period?

A Generally speaking, the documents still to be reviewed -- we were moving from 1986, November of '86, backward; and so the documents to be reviewed were in the '85 time frame, but whether that would include also some documents in early '86, I don't know. Because John and I simply divided the documents up and were reviewing different folders as we went. I'm not sure how far back he had gotten. I think they were largely in the '85 time frame, though.

Q When you left the NSC, was Jock the only person there?

A Yes.

Q Did you go straight from the Old Executive Office Building to the Department of Justice?

A Yes.

Q And did Mr. Richardson go with you?

A I believe he went in his car and I went in my car. I think that's right. I can't remember.

Q Can you tell us what happened when you got to the Department of Justice?

A We met with the Attorney General and Chuck. I guess that was about 12:30.

MR. LEON: Chuck Cooper, Mr. Reynolds?

THE WITNESS: Chuck Cooper. I'm sorry. Charles Justin Cooper.

BY MS. NAUGHTON:

Q And what was that meeting about?

A It was to, basically, review what had transpired that morning in terms of our document review and Chuck had had some meetings with people over at the CIA and so there was a general discussion of those events, and then some discussion of the upcoming meeting with North that was scheduled for, I think, 2 o'clock.

Q What did Mr. Cooper tell you about his meetings at the CIA?

A I think my only recollection of that is that there was -- he reported about some discussion that he had had regarding the proprietary flight that had been used to move the November, '85, missiles in that aborted transfer; and some of the mechanics as to who had been contacted and then what efforts had been made to obtain a proprietary in order to -- in order to put that flight together. And I don't have anything more specific than that, except that was the general nature of his report, and he had had some conversations with people over at CIA on that, relating to that matter.

Q Did he come away with any sort of conclusion or suggestions regarding the November, '85, shipment and what yet needed to be done? In other words, questions that needed to be asked of North or further questions that remained unanswered?

A Oh, I am sure he did. I am sure we all did.

Q Do you recall what any of those were?

A No.

Q Regarding the North interview, could you tell us what the discussion was regarding -- what happened when North came to be interviewed?

A Wait a minute. The discussion, what? What was the question?

Q Regarding the North interview, did you discuss what questions you were going to ask him?

A Oh, yes. We had quite a -- yes. I think we had quite an extended discussion of the kinds of things we wanted to ask him.

Q Can you tell us about those discussions?

A No. I don't have a real clear recollection of that.

Q Were there any written documents prepared regarding questions to pose to North?

A Not to my knowledge.

Q Did you ever see any?

A No. Before the fact? No.

Q Did you make a list of questions during the discussions?

A During which discussions?

Q The discussion after noon, at about 12:30 p.m., with Mr. Cooper in the Attorney General's office?

A I didn't, no.

Q Do you know if anybody did?

A I don't recall, but somebody could have had a pad in front of them and written down some things. I don't have any recollection of seeing that, but if somebody did that, then it wouldn't surprise me.

Q Were there any specific areas that you wanted to concentrate on in your questioning of Colonel North?

A Well, there was obviously the matter of the residual funds which was something we wanted to concentrate on. There was the November aborted shipment that we obviously wanted to ask about. And he had prepared quite an extensive chronology and our sense was that we would walk through that with him and probe, you know, his recollection as it coincided with that chronology; and where there were discrepancies between that chronology and some things that had been said during the course of the other interviews, ask specifically about those things. That was essentially the game plan.

Q Do you recall which documents, if any, in your document review that you produced for the Attorney General to study?

A Which documents I produced?

Q Well, do you know whether or not the Attorney General looked at any of the documents that you had copied and had returned to the Department of Justice?

A Well, he looked at the memorandum that we focused on last time we were together that had the reference to the residuals. He looked at the Oliver North chronology. Whether there were one or two or maybe even a few more other documents that we had copied that he looked at, I think that there were a couple of others, but I don't have a clear recollection of which ones.

Q When you say the chronology, would this be the short, two-page chronology that just mentioned dates and happenings, or was it more of a narrative form, five or six pages?

A I think it was a more extensive chronology.

Q Do you remember when it was dated and timed?

A No. I know that there were -- those things were coming off the press as fast as they could turn them around. I am not sure precisely which one, although I think the one he looked at is the one that he had in front of him in the interview and the one that had a couple of notations in his handwriting in the margin that's been produced to you and that you showed him during his testimony. So we can pinpoint it pretty clearly.

I think he had a couple of arrows that he had marked in the margin. He may have had one or two other marginalia in it. It was the one shown to him during the course of his testimony.

MR. LEON: As an exhibit?

THE WITNESS: As an exhibit. I don't know what it was.

BY MS. NAUGHTON:

Q Do you recall if it mentioned oil drilling as being the cargo in the November, 1985, shipment?

A Well, my sense is it did, but I -- you know, I think the easiest thing is to get that chronology which I identified and pinpoint it. Then we can tell for sure.

Q Prior to the time North showed up, was there any discussion of the content of the diversion memo in terms of the flow of money? In other words, the diversion memo specifically spells out that the money will go from the Iranians and be funneled through a U.S. company. Do you recall whether or not that was discussed prior to North's interview, and whether or not you discussed it -- asked North about this American company?

A I don't have any recollection of the focus of discussion being as you described it.

Q Was North on time for his interview?

A I think he was.

Q Did he come alone?

A He may have been a little late, but I think he was pretty close on time.

Yes, he came alone.

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Q And did he bring any documents with him or did he refer to any documents during the interview other than the documents which the Attorney General showed him?

A I think that the documents were those that we showed him. The documents that were used were those we showed him.

Q Did Colonel North refer during this interview to any attorneys that he had consulted or an attorney that he had obtained?

A No.

Q On Saturday when you spoke to him, did he make mention of having retained an attorney?

A No.

Q Did he make mention on either Saturday or Sunday of anyone telling him he should retain an attorney?

A I don't know. He may well have made some kind of a joke to that effect, but it was nothing that would have been made any more than in jest.

Q Would that have been on Saturday?

A I don't -- it could have been -- it could have been both days or either day. I think that there was some sort of light banter that -- to the effect, geez, maybe I would be well advised to -- I don't know. I don't know what it was. To the extent he made any reference, it was as a joke. It was not anything that was made with any serious

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connotations. I think he may have joked about it.

Q Did you or anybody listening to that reference make any comment to it?

A I don't recall.

Q During the interview on Sunday or before the interview, did anybody ask North if he had retained an attorney?

A No.

Q If I could refer you to your notes of that interview, please, we have marked as Deposition Exhibit No. 1, the second page of which I believe your notes begin, of the interview.

A This first page is not relevant to the second page.

Q Well, again that is how we received them so we did not want to separate them until we deposed you and found out what --

A For the record, the first page has no bearing at all on the second page, any relevance at all to the second page.

Q When was the first page written?

A It was written sometime over the weekend of November 21st.

Q Turning your attention to the second page --

A Actually, I take that back. It may have been written even after that. I don't know when it was written. Sometime after November 21st. That's the first page.

Q Okay. If I could turn your attention then to your notes of Colonel North's interview, please?

A Right.

Q Turning your attention to page 2 of those notes, in about the -- towards the middle of the page, there is a note that begins, "O.N." -- whom I assume is Colonel North -- "has no knowledge of retroactive finding."

A Yes.

Q Do you recall what the question was there and what he was telling you?

A There was discussion about the December drafting activity by Mr. Sporkin, now Judge Sporkin, who was counsel for the CIA at the time relating to a finding that would cover retroactively the November shipment, because of use of a proprietary; and I believe that North was saying that he didn't have any knowledge of a finding that was crafted to have retroactive effect.

Q So was he telling you, in effect, that he did not know about the November finding which was -- which Admiral Poindexter has testified was signed by the President in December?

A North -- no. I think that he said that he indeed remembers being involved in consideration and drafting of a finding in mid December, but that he has no recollection of that being a retroactive finding. In other words, to cover something that had taken place as opposed to prospectively that which would take place.

Q Do you recall was he specifically asked about the November finding, that is, the one that was sent over from CIA general counsel Sporkin and CIA Director Casey on November 28th to Admiral Poindexter? Or is North talking about drafting the -- what ultimately became the January 6th or January 7th finding?

A His testimony was, as I recall it -- I mean his statements during the interview were to the effect that the work on the January finding was started in mid December and that he was involved in that and that it was prospective only.

Q If I could direct your attention later on down the page, when it says "return of Hawks" --

A Yes.

Q And I believe your writing is -- says, "Not 'cause we were furious but 'cause Iranians were not pleased."

Could you tell us what North is saying at that point?

A Yes. He was saying that the missiles that had been provided in that November shipment were -- they didn't work and they were the wrong -- either the wrong size or the wrong kind of hardware and the Iranians were more than not pleased; they were terribly miffed at the fact that they had been sold what might appear to be a bill of goods, given merchandise that was unusuable. And that the reason for getting them back was because they were -- you know, they were not accepted by the Iranians. They were unacceptable.

Q The last entry says "O.N. told to get Hawks back by Bud." Then there is a date, 12/3. Is that a reference to Bud McFarlane?

A Right.

Q 12/3, is that a reference to December 3rd?

A I think so. That's what it appears.

Q Do you recall that Colonel North told you Bud McFarlane told him to get the Hawks back on that date?

A I don't have an independent recollection. From reading it, it appears that he indicated to us that was the day on which McFarlane came to him and said we have to get them back because the Iranians are displeased.

Q If you could locate for me in your notes or did you take any notes about the discussion of the diversion of funds to the contras?

A Well, it looks like on page 3.

Q Okay. The one that starts with "Nir"? January, 1986?

A Yes.

Q Could you tell us, using your notes, what it is that Colonel North had to tell you?

A Yes, although I want to also look at John Richardson's notes because his are more comprehensive than mine.

Actually, it's an entry above that where I guess it started. Basically, he said the money that was involved -- first he explained the flow of the funds, of the money from the Iranians to the Israelis and into Israeli bank accounts and then there would be payment back to the CIA account which would then get the money back to the Army. That was the flow of the money.

He said -- in -- his statement was the Israelis came up with the idea of taking residual funds and transferring them to Nicaragua for the contras.

Q Did he say that idea arose in January of 1986?

A I don't have a recollection of when he said that arose. I think -- my notes would indicate that might be what he said.

Q If we could look at your notes, the third line in that category that starts "Nir, January, 1986. John P. in meeting -- blew up over Hawk transfer."

Do you recall what that is a reference to?

(No response.)

Q If it will help, Mr. Reynolds, I don't think you will find a reference to that in Mr. Richardson's notes.

Do you recall Colonel North telling you Admiral Poindexter blew up over the Hawk transfer?

A No. I mean -- he said something to the effect, but I don't have a recollection any more than what is in my notes.

Q Do you recall him saying why Admiral Poindexter would have blown up over the Hawk transfer?

A I don't have a recollection about that.

Q Would this note, however, be something that Colonel North said as opposed to something the Attorney General might have said?

A No. It would have been something North said.

MS. NAUGHTON: Actually those are all the questions I had on the interview. Maybe we should stop there and if you folks have something you want to ask?

Oh, I did have one other thing.

BY MS. NAUGHTON:

Q When Colonel North was -- when the Attorney General directed Colonel North's attention to the portion of the diversion memo which talked about the use of residual funds, do you recall at some point whether or not Colonel North asked if you had found a cover memo?

A He asked whether there was a cover memo with this document, yes.

Q And did you respond?

A We indicated that there was not.

Q Did you say that?

A I believe I did say that, yes, as a matter of fact.

Q And what did he say to that?

A Well, I'm not so sure the exact sequence of questions and answers in terms of what he said to that. He asked that and I said there was not, and I think that the Attorney General asked whether there might be somewhere else that documents -- some other file where the document -- a document would be located where there was such a cover memo, and he indicated that he didn't know but that he would check.

Q Was Colonel North ever asked specifically if the President had approved the use of the residuals to aid the contras?

A He was asked who else knew about the residuals and said the only people who knew were Poindexter and McFarlane and North. So that answers indicated the President did not know. He said the only people aware of it were Poindexter and McFarlane.

Q Did anyone ask Colonel North if anyone specifically approved the use of the residuals for such a purpose as opposed to simply being told about it?

A No, because as he explained it to us, it was the

Israelis who had received the profit and had asked -- had indicated they wanted to send that profit to the contras and North's involvement had been, as he explained it to us, simply to give them account numbers and Swiss bank accounts where they could take the money and deposit it in those accounts which would then be drawn out by the contras. So there was not -- it was not -- as he described it to us, it was not something that would have generated a question as to who authorized it because he was saying it was the Israelis' idea and they basically decided to do it and as he described it, it was Israeli profits and his role was simply to move it to -- I mean to identify accounts where they could put the money.

Q Did he give a reason why the Israelis would do this?

A He explained that the Israelis had been sympathetic for some period of time to the contra cause and as he -- I don't remember exactly how he explained it, but he explained that Nir had approached him and said this was something they wanted to do to help the contra effort.

Q Do you recall if Colonel North made a reference to the investigation of Southern Air Transport?

A I don't believe -- I don't recall.

MR. LEON: Page 22 of J.R.'s notes. Third paragraph. Does that refresh your recollection?

THE WITNESS: Yes. I was just stopping because there is in J.R.'s notes, Poindexter upset with Hawk deal. I indicated that wasn't in his notes. That's on page 20. Said to get them back. That is the same reference I guess I had in my notes.

BY MS. NAUGHTON:

Q Does that refresh your recollection as to what was said?

A Yes. I think that's the same reference I had in my notes.

Q Did he say why Poindexter was upset?

A He doesn't say why, no. Said he was upset with it and said to get them back.

Q Did he say when that occurred?

A When?

Q When Poindexter became upset?

A This does not indicate when, but I -- no. It doesn't say when.

Q Okay.

A I am just saying I think that's the reference that is similar to the one I have.

Page 22 is -- well, what was your question?

Q What did Colonel North say about the investigation of Southern Air Transport?

A Okay. I don't -- he made a reference to it. I don't have any independent recollection other than what I read in J.R.'s notes.

MS. NAUGHTON: Okay.

BY MR. LEON:

Q I have a few questions on the interview.

Mr. Reynolds, I noticed in comparing the beginning of your notes with Mr. Richardson's notes that yours didn't include his first reference. I just wanted to see if you recall the AG admonishing Colonel North from the outset that the worst thing that could happen was if somebody tried to conceal something he said to the President, to put a good spin on it.

What the Attorney General wanted was nothing to happen that anyone could call a cover-up. Do you remember the Attorney General admonishing Colonel North?

A Right. He did say that very explicitly.

Q I want to direct your attention to page 15 of J.R.'s notes where the Attorney General, it appears from the notes, asked if R.R. approved it. It appears to be a reference to the diversion and then he goes on to say if R.R. approved it, you'd have it, and then there appears to be an answer, yes, don't think it was.

Does that refresh your recollection with regard to Colonel North responding to the Attorney General to the effect that he didn't -- he, Colonel North -- didn't think

think the President had approved it?

A This has reference to the cover memo or the absence of a cover memo and whether there was a memo that follows a regular format that indicates approval or disapproval by the President. My recollection is that this is in connection with the discussion of a cover memo.

Q Do you recall the Attorney General trying to get -- learn from Colonel North as to where there would be documents, if any, if the President approved it, where would those documents be? In the filing system, for example?

A Yes.

Q For example, above that line on page 15 of J.R.'s notes, it says, "If the President objection something," and then it says cryptically, "into working files of," and then it ends there.

Would that, for example, have been a reference to the AG's inquiry as to where it would be if an approval had been granted by the President?

A Well, I know that there was a colloquy relating to where such an approval memo might be or where it could be located and whether there were other files that discretely housed Presidential approval memos; and I recall that he had no knowledge one way or the other but that he would check.

Q Were those the files that -- in the NSC that J.R. went to search the following Tuesday, if you recall?

A I don't know.

Q You don't know? On the following page, page 16 of J.R.'s notes, in the middle is a reference to "only three who could know in U.S., M, P, and N." Does that relate to what you, I think, have testified to North saying, only three in the U.S. Government had knowledge of it?

A Absolutely.

Q Therefore, by logical inference, the President didn't?

A Right. That's right. The question was, who else knew. He said McFarlane and Poindexter. Then he said the only three who could know in the U.S. were McFarlane, Poindexter, and North.

Q Do you recall -- the notes don't seem to indicate this, and I stand corrected if I am wrong, but was there any reference by North during the course of the interview to the effect, after being shown the diversion memo, to the effect where he inquired of the Attorney General and the group of you whether it counted since he hadn't been advised of his rights? Do you recall any such inquiry by him to the Attorney General or you as a group with regard to whether what he had said to you counted?

A Not at all. He never said anything like that.

Q He never made any request for his rights at any point, did he?

A No.

Q You just testified a minute ago you didn't ask him if he had an attorney. Was that because there was in your mind no reason to ask him if he had an attorney? Did you see any reason?

A We didn't see -- there was no reason that I saw to ask him that question. He had come in voluntarily, been invited to come in, been explained it was a general inquiry; and indeed, the day before, had offered to have me ask him questions and answered them voluntarily about this whole thing. I said no, we ought to wait until tomorrow so we could do it at one time.

Q Yes.

A So it never even occurred to me that it was the kind of circumstance where one would suggest that he should get an attorney.

Q And one last point on this page 20, the reference you just noticed in J.R.'s notes that corresponds with the reference in your notes about Poindexter being upset about Hawks deal. Just to be clear for the record here, would it be your understanding that the Hawks deal referred to here is the November, 1985, deal as opposed to any Hawk shipments thereafter in the future?

A Yes. I think that's right.

Q Okay.

MR. LEON: I have nothing else on that.

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MR. McGOUGH: I have some questions, but I think it would make more sense, since they are part of another line of questions, to go on and do them all together.

MS. NAUGHTON: Thank you.

BY MS. NAUGHTON:

Q After Colonel North left, first of all, was anything said to Colonel North regarding what the next step would be? In other words, was he told he may have to resign? Was he asked about his future plans?

A No.

Q All right.

Was there anything said to him about maintaining or retaining documents?

A No.

Q Now, after Colonel North left, did -- you and the Attorney General, Mr. Cooper and Mr. Richardson discuss what had transpired in the North interview?

A Well, actually the Attorney General had to leave, I think, to go pick up his wife at the airport -- maybe it was Dana at the airport before the interview was over, and he returned just as we were breaking up. And after North left, we spent a few minutes talking, but not any extended period of time and than the Attorney General left and following that Chuck and J.R. and I had some conversation relating to the North interview.

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Q Okay. Could you break it down? When the Attorney General arrived, could you tell us what that discussion was?

A No. I just know he came back after we were leaving and after he left we talked for about five minutes.

Q Did you discuss whether or not the Attorney General felt -- or he felt North had been candid and forthcoming?

A I don't have a specific recollection of that conversation with the AG.

Q After the Attorney General left, did you discuss with Mr. Cooper and Mr. Richardson what your opinion was or what their opinion was of Colonel North's truthfulness during the interview?

A I think we all remarked in one form or another that there was a noticeable change in his demeanor at the time that he was confronted with the diversion information in the memo, that he had up to that time been quite impressive in his recall and his manner of presentation, that he seemed to seemed to -- noticeably to be surprised by the diversion and became more halting in his answers for a brief period of time and than apparently regained his composure and went back to being quite smooth in his presentation.

Q Well, I guess it doesn't answer my question. Did any of you voice an opinion regarding whether or not he had been truthful?

A I don't recall one way or the other.

Q What were your thoughts? Did you think he had been truthful?

A Well, I didn't have a frame of reference to make an assessment one way or another.

Q Did he say anything during this interview that directly contradicted the facts as you knew them from your review of documents or other facts?

A He said things that suggested that his recall might have been different from somebody else's recall, but I don-t -- I don't jump to the conclusion that that means somebody is being untruthful.

Q Okay. If we can -- did anything else transpire that evening, Sunday evening, other than this meeting after the Attorney General left?

A I don't believe so.

Q Okay. On Monday morning, do you recall what it is you did Monday morning, the 24th?

A Well, I think I got up and went to work, but I -- I am not sure there was -- what do you mean, anything I did?

Q Okay. Once you got to the Department of Justice, what did you do?

A All right.

Well, I was -- I think there was an 8:30 meeting. I don't know if there was an 8:10 meeting. I think there was an 8:30 meeting. I went to that.

Q Now, this is the regular senior management group meeting?

A It is the regular 8:30 meeting.

Q Fine.

Was the inquiry regarding the Iranian initiative discussed at that meeting?

A I don't recall.

Q After that meeting, do you recall what it is you did Monday morning?

A No, I don't have a recollection or a blow-by-blow of what I did at particular times.

Q Do you know whether or not you did any work on this issue as opposed to doing work on your other duties in the Department?

A I am sure that I spent a lot of time on this issue. But I don't have any specific recollection of what I did at what particular minute.

Q Well, when you say you suppose you did a lot of work on this issue Monday morning, do you know what that might have been?

A Well, there were a lot of -- you know, there were documents that -- that we were reviewing; that was, pulling together the different things that we had learned. Chuck had some notes of interviews that I had been in. There were discussions. You know, there were a whole raft of things.

Q Did Mr. Cooper give you copies of his notes prior to Monday morning?

A Sure. What notes he had. We had all sorts of ambitions to draft up summaries of interviews over the weekend. It seems we had very little else to do, but we ran out of time, 24 hours elapsed and we didn't have time to do that. We were going to put in place a summary of interviews. Do you believe that?

Q Now, can you tell us how the meeting with Tom Green came about?

A He called me and I -- my recollection is that it was early Monday morning and I recall that because I think I was pulled out of the 8:30 meeting sometime around 9:00 o'clock. I believe that and that is why I have a recollection of the 8:30 meeting. And I had a call from him and it said it was urgent he talk to me. I can't remember whether I called him back or went out of the meeting to take the call.

He indicated that he thought it was important that I talk to him, that he had at various stages represented North, that he understood that I was in the interview the day before and I had the impression that he had had a conversation with North following the interview and he felt that it was important that I sit down and hear some things that he wanted to say.

Q Now, before you returned his phone call, did you know that he was in any way in contact with or connected with Colonel North?

A Well, I am not so sure I returned his phone call. I don't know whether I just stepped out of the room and talked to him, so I don't know that there was a thought process there that is similar to what you are suggesting.

Q Prior than to speaking to him that morning, did you know that he had any contact with Colonel North, General Secord, or Albert Hakim?

A Well, in the sense that you asked the question, the answer is no, although Tom Green had represented Secord at an earlier time with regard to a Department of Justice investigation and for some reason I had known about the fact that he had been involved in that earlier investigatory activity, but only just in terms of names, you know, and events, not anything specific.

Q For how long had you known Mr. Green?

A Seven to eight years -- nine years -- seven or eight years.

Q And how did you first meet him?

A Well, we -- he was -- how did I first meet him? I don't know how I first met him. I know that we had worked on a case together. I know that he was a partner in a law firm that had other partners who were friends of mine. I had known him professionally for that period of time off and on

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on different matters that he was involved in or I was involved in or the firm was involved in. Basically, it had been professional, but I had known him in that context.

Q When he contacted you by phone that morning, did he say whom he represented?

A No. I think that he was very careful to say that he was not contacting me in any representative capacity. He said that he had represented from time to time -- or previously -- North and Secord and that he had had some conversations that he felt gave him some background knowledge in this whole thing that would be useful for us to have as part of our inquiry and therefore wanted to come in and talk to me.

Q Did he say he had spoken to Colonel North subsequent to Colonel North's interview with you on Sunday?

A I don't know whether he said that on the phone or whether that came out in the interview -- I mean in the discussion we had that followed. My sense is it was probably on the phone, but certainly I -- based on the phone call, it was clear to me that he had been in conversation at some point with North and I think Secord and that he wanted to talk to me about these events and whether he had simply been told by North that North had been in the interview and I was one of the participants or players or whether North sat down and told him blow-by-blow what happened in the interview, I have no sense of learning during the phone call.

Q And did you agree with Mr. Green?

A I did.

Q Why?

A Well, we were doing an inquiry trying to get all the facts we could and I indicated he had some information that would help us in the effort that we were involved in, so it seemed to me and the Attorney General and Chuck and J.R. that it made good sense to hear him out. No downside in that.

Q Now, directing your attention to what is marked as Deposition Exhibit No. 2 --

A All right.

By the way, can I clear up something on Exhibit 1?

Q Sure.

A The last page is not part of an Oliver North interview. It is attached on the exhibit.

MR. McGOUGH: So the first page and last page are not part of it?

THE WITNESS: Right.

BY MS. NAUGHTON:

Q Okay then, directing your attention to Exhibit 2, dated 11-24-86 at 2:20 p.m. Are these your notes of your meeting with Mr. Green?

A They appear to be.

Q Okay, and do they reflect the presence of Mr. Cooper as well?

A Right.

Q Why was Cooper there?

A Because I asked him to attend.

Q Any reason?

A Well, I thought that it was probably useful since he was involved in the inquiry to have both Chuck and myself meet with him.

Q Now, I would like to take you through your notes, if I could, and tell us -- and taking one section at a time read them into the record and tell us what it is you recall Mr. Green telling you?

A Do we really need -- can't we just incorporate these as part of the testimony so I --

Q You don't have to read them into the record, but I do want a full exposition of what every line indicates was said.

A Well, I will stand on the notes as written. What they say there is what was said.

Q All right.

Mr. Green said that your notes indicate that he represented both Oliver North and Richard Secord.

A At one time or another, right.

Q But not at the time he was meeting with you?

A That is correct.

Q And then your notes indicate "has been talking to

North and Secord in"-- and I don't know what that word is

A "Last few weeks."

MR. BOLTON: Let me interject here the witness has indicated he will stand on the notes. If you think we are going to sit here and go through this line by line to punish the witness because he declined to read them, we have to reformulate that. This was indicated to your secretary; we have got another obligation beginning at 4:00 o'clock and if you plan to finish this thing, I would suggest that reading these into the record line by line is not the most productive way to do this.

MS. NAUGHTON: I was not informed of that.

MR. BOLTON: I apologize. You are informed of it now.

BY MS. NAUGHTON:

Q Your notes indicate he had been talking to North and Secord in the last few weeks. Did he say in what connection he was talking -- he had been talking to North and Secord?

MR. BOLTON: Note an objection to that on grounds previously stated. I think it is a waste of time to go through these line by line.

BY MS. NAUGHTON:

Q Did he say how he came to be in contact with North and Secord in the last few weeks?

A Well, just what the notes say, that he had represented him in the past, that he had come to him for advice from time to time or for consultation and that he had had occasion in the past few weeks to converse with him about the matters that were most topical.

Q Did he say what matters? Were they Iranian matters?

A Yes.

Q Were they contra-related matters?

A No, he said the Iran -- story that broke on November 4th.

Q Did Mr. Green indicate to you whether or not he had spoken to Colonel North regarding the Hasenfus crash?

A I don't have any independent recollection that he did and the notes do not appear to suggest that he did.

Q Okay.

Then your notes indicate there are some general understandings that apparently Mr. Green came away with, one being "North, good guy, but ready to take responsibility for more than perhaps he should."

MR. BOLTON: Note a continuing objection to this line of questions on this.

BY MS. NAUGHTON:

Q "No impropriety, but USG" -- does that reflect U.S.

Government?

A Right.

Q No doubt -- and what is the next word?

A Representatives.

Q "Representatives from U.S. Government came to" --

A Understand.

Q "Israelis began initiatives with elements of Iran." Is that what the note indicates?

A Right.

Q What is he saying at that point? Do you recall?

A What it says. I mean, there was no doubt that the Government learned that the Israelis had initiatives with Iran with regard to the transfer of TOWs. It goes on to say that the initial transfer was learned retroactively, that means by the United States Government. It talks about the transfer of the 18 HAWK missiles that were later retrieved which was the November transfer.

Q Okay.

Did Mr. Green indicate why they were retrieved? In other words, was he saying that the Iranians didn't want them or was he saying that the United States had to go back and get them?

A No, he indicated that they were not the right fit or vintage or whatever. That something -- the Israelis got irritated -- I mean the Iranians were irritated because they

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weren't getting what they needed as far as hardware.

Q Then there is an indication that "North decided to" pick up trail that Israelis opened, led to --

A Led to January 17 finding, although that may be a new date for everybody. I think it was January 16, wasn't it? Actually, it was the 16th and 17th.

Q Let's put this on the record instead of whispering.

A -- led to January 17 finding.

MR. LEON: I think the record should reflect that the witness wasn't trying to hide anything. It was just a casual side.

MR. BOLTON: I think the counsel is harassing the witness now and I object --

MS. NAUGHTON: Actually it was referring to Mr. Leon whispering.

MR. LEON: I didn't whisper anything, but I don't even remember what I was saying.

MS. NAUGHTON: If we can move on.

MR. LEON: I wasn't intending certainly to whisper anything.

MS. NAUGHTON: Next.

BY MS. NAUGHTON:

Q The finding has reference to third -- does that say --

A Countries and third parties.

Q "Deliberately put in finding so as to authorize private companies to engage in activities in furtherance of the finding."

A Right.

Q Was Mr. Green at that point saying that the Hakim-Secord enterprise, if you will, was specifically authorized in the finding to proceed as they did?

A Right.

Q Okay.

Did he tell you that the profits that the enterprise had accumulated was therefore authorized in the finding? In other words, was that the pitch he was making to you?

A Well, what he was saying is that the finding of January 17 had been drafted so as to authorize whatever third-party activities were ongoing regarding these transactions. He was not -- he didn't break it down specifically, but it would have been any feature of -- of the transaction that was being carried on by third parties.

Q Did that in his mind include the use of the residuals for the contras?

A You will have to ask him.

Q Well, I am asking you did he tell you that?

MR. BOLTON: That is not what your question asked.

THE WITNESS: I don't recall one way or another.

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Is it in here? You will have to ask him that.

BY MS. NAUGHTON:

Q Did he --

A I am not sure. I mean, I don't think -- the way you asked it, it doesn't ring true because he was telling me in large measure information he had obtained second and third hand, so I am not sure that he was commenting about his views or how he saw it at any time during this discussion. It was much more recounting that which others had told him, information he had picked up by reason of conversations he had had.

I don't think Tom Green was a principal participant in these things any way at any time.

Q All right.

Moving on then, in implementing funding, North turned to Secord. North and Secord began to work -- and then I can't read it.

A "Same channel as Israelis."

Q Ghorbanifar.

A G-o-r-b-a-n-a-f-a-r.

Q Now, on page 2, there is a reference to Albert Hakim.

A Right.

Q Now, what did Mr. Green tell you his relationship was with Mr. Hakim?

A I am not sure that he did. He said that Hakim was a business partner with Secord, that he knew Hakim and that he had spoken -- my understanding was that he had spoken to Hakim about some of these matters. I don't think he indicated to me what his relationship was to Hakim.

Q Do you recall whom -- who he told you Hakim was?

A Business partner of Secord.

Q Had you heard that name before?

A No.

Q Your notes indicate he said Albert Hakim also received overtures for many moderate elements and then I can't --

A That would be moderate elements in Iran.

Q And then what do your notes indicate?

[redacted]

Q Prior to that?

A Business partner of Secord.

[redacted]

A Right.

Q What was that a reference to?

[redacted]

Q Did he tell you in what case?

A No.

Q Did he tell you under what circumstances?

A No.

Q Did he tell you when this was?

A No.

Q Did you inquire?

A No.

Q Why not?

A I was purely listening. This was a narrative that unfolded and unless there was a dramatic pause in the action, neither Chuck nor I asked any questions. We were really there simply -- he wanted to come in and talk to us and we listened.

Q Okay, and there is a reference that Hakim volunteered to Secord and North that Ghorbanifar was a crook and Hakim than volunteers to work his contacts in Iran to reach the moderate elements; is that right?

A Right.

Q Next entry says "January '86, Frankfurt meeting, Hakim as interpreter."

Is that correct?

A Right.

Q And "Israelis brought" -- is that the word?

A Right.

Q And then a name I won't mention. This is an unclassified deposition.

A This is what?

Q Unclassified.

A Well, has this exhibit not been introduced anyway?

Q Well, we will classify the exhibit.

A "To meeting Nir, North, Secord, [redacted]

Q And then the entry "may have been taped and "our side sized up" and then the word "as" and then I can't read that.

A Dunce.

Q Is it dunce? Okay.

Next entry is Hakim -- and then I don't know what that word --

A "Thus working his channels."

Q -- "produced" another individual whom we won't name as apparently a "productive channel."

A "More productive channel."

Q And then entry "North/Secord knew that the Israelis" --

A No, no, no.

Q "The Iranians?"

A Right; "sent arms [redacted] to support the Sandinistas."

Q [redacted]

A That is right.

Q And the next line, "Hakim said that Iranians" --

A I gather the whole thing is classified.

MR. LEON: Off the record.

(Discussion off the record.)

BY MS. NAUGHTON:

Q Now, did you discuss with Mr. Green the issue of whether or not this information that you had obtained over the weekend and that he was sharing with you now would become public?

A No.

Q Did he ask you to keep any of it quiet?

A No, not as such.

Q Was there any discussion along those lines?

A Well, he had indicated that there was reason for much of this not to become public because of some consequences that he felt would result.

Q And did you list these consequences on the last page of your notes?

A Yes.

Q And did Mr. Green tell you that he feared that some people abroad could be killed if this information became public?

A Yeah.

Q And did he tell you that it would impede the efforts to reach the moderates in Iran if it were made public?

A Yeah, he did indicate that.

Q Were there any other consequences other than the ones you wrote down that Mr. Green told you would happen if the material was made public?

A Not other than what is written down on the last page.

Q Now, after he layed these out for you, these consequences, what, if anything, did you tell him about the material being made public?

A Nothing.

Q Did Mr. Cooper discuss with Mr. Green whether or not any of the material would be made public?

A No.

Q Is it your testimony than you made no commitment to him regarding keeping a secret or not going public?

A That is correct.

Q Did you make any commitment to Mr. Green regarding notifying him before it would be made public?

A No.

Q Did you give him any idea or did you suggest to him that you might do that?

A Might do what?

Q Might give him notice before the material became public?

A No.

Q Now, do you recall when the meeting ended?

A Not specifically, but it was about an hour -- or looks like it was longer -- well, it was about an hour and 20 minutes. Chuck's notes say 3:45. That is probably right, about an hour-and-20-minute meeting.

Q Did you and Mr. Cooper meet after Mr. Green left?

A Well -- you mean did we caucus following him leaving? I don't recall.

Q Okay.

What did you do after the Green meeting?

A I really don't remember what my next meeting was. It is probably on my calendar.

Q Do you know if you worked on these matters or were these matters pertaining to your other duties at the Department?

A I have no recollection.

You mean directly after -- I don't have a recollection.

Q Can you tell us anything that you did after 3:45 on Monday?

A Not without some assistance in refreshing my recollection based on my calendar.

MR. LEON: We have your calendars.

THE WITNESS: If you have them and you want me to look at them, I can perhaps be --

MR. LEON: You have provided them to us, have you not?

THE WITNESS: Oh, yes, you have all of it.

BY MS. NAUGHTON:

Q We have redacted calendars; correct?

A I think you have got redacted and unredacted. You have got every calendar we have ever written. Whether you asked to have copies made of all of the unredacted versions of every page, I don't know, but I understand that you reviewed them and had indicated what you wanted copied and some of that was redacted.

MR. BOLTON: Rather than go on at length, I request that portions of correspondence between the committees and the Department on Mr. Reynolds and various notes and calendars be appended to this deposition when it is transcribed.

THE WITNESS: Good idea.

BY MS. NAUGHTON:

Q Now, could you tell us what it is that you did then on Tuesday morning.

A What it is I did on Tuesday morning?

Q November 25th.

A Twenty-what?

Q Twenty-fifth.

A I don't know. I can't tell you what I did on Tuesday morning. You have my calendar for Tuesday morning.

Q We have heard testimony from Mr. Richardson and from Mr. Cooper that they went over to the White House.

A Right.

Q For several meetings and to perform a couple of tasks.

A Right.

Q Do you recall having been present at any meetings prior to their leaving for the White House or having any prior knowledge that they were going to be going to the White House?

A I knew they were going to the White House. I can't remember whether -- there was a meeting before they went over or a phone call or what, but I knew they were going and I was not going to go.

Q Do you know why you didn't go? In other words, was that explained to you why you weren't at those meetings at the White House?

A We had that base pretty well covered. I had other things that needed to be done.

Q Okay. So do you know what you did then on that morning?

A No -- I mean I don't know offhand what I did on November 25th any more than I know what I did on December 13th.

Q Do you know if what you did pertained to these issues or whether they had to do with your other duties at the Department?

A I am sure -- probably that I did some things I did pertaining to this and some things that I did pertaining to other duties at the Department, but I don't have any specific recollection of November 25th until -- directly before the news conference.

Q Okay.

Prior to the news conference --

A I think -- yeah.

Q And any time between 11:00 and 12:00 that day on the 25th of November, did you speak to Mr. Green?

A I think so, but whether it was -- I talked to him that morning prior to the news conference. The exact date -- I mean, the exact time, I am not aware of, although it would show up in my telephone logs.

Q And was that at his instigation or did you call him?

A He called me.

Q Why?

A A follow-up to the meeting. I can't remember exactly -- I don't remember exactly why. I mean it had to do with some further conversation relating to the meeting and it was at that time that he indicated to me that he thought that there ought to be further conversation with him and with Secord and maybe even Hakim before the -- any public statements were made or were made.

Q Did he indicate to you at that time that he had knowledge that a public statement was going to be made?

A I think he did. I think he said he was aware that

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there was -- there was going to be -- I don't know whether he told me or I told him. I can't remember.

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Q By the time he called, you were aware there was going to be a public announcement; is that correct?

A Right.

Q Did Mr. Green indicate he knew what the fate of Colonel North would be? In other words, that he would be reassigned to the Marine Corps?

A No. We didn't have any discussion about that.

Q Did he indicate that he wanted you to meet with or speak to either Colonel North, General Secord, or Albert Hakim?

A Well, he wanted -- he indicated that he wanted the attorney general and other department officials to defer making any kind of public statement regarding the whole affair until we -- as he indicated -- had a better familiarity of all the nuances and that that would best be served if we could sit down and talk to Secord and Hakim.

Q Did he indicate to you that they would talk without being granted immunity?

A No, he did not.

Q Was there a discussion of immunity?

A I don't believe in that phone conversation there was.

Q Did he offer then for them to sit down with the attorney general without immunity?

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A Well, it wasn't put forward in those terms. It was put forward in terms of we ought to slow down until we had a chance to talk to them and work out some arrangement where that could be done.

Q Did he, at that time, on the 25th, say that he represented any of those three gentlemen?

A I don't recall.

Q Do you recall how long the conversation was?

A No. But it was not -- well, I don't recall. Maybe 10, 15 minutes.

Q Did Colonel North participate in that conversation?

A No. Not to my knowledge. I don't know whether he was listening on the phone. He didn't say anything.

Q Was anyone with you when you were having this telephone conversation?

A I don't believe so.

Q What was Mr. Green's reaction? In other words, was this a hurried call? Was he upset about the fact it was going public?

A I think it's fair to say he was concerned about it and felt that it would be a mistake -- that it was a mistake.

Q After he expressed this to you, what was your response?

A Well, I'm not sure -- I indicated to him that I

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thought it was important that we got all the information that we needed and that if he had further information, that he certainly ought to provide it to us and that I would work with him in terms of setting up some vehicle for exploring that further, but that the events were sort of moving at a pace where the attorney general was going to announce what it is that we now had become aware of.

Q Did you tell Mr. Green that the matter might be turned over to the criminal division?

A I don't recall whether there was anything -- whether I said that in the telephone conversation. I'm not clear that I did, because I don't think that the immunity question was joined in precise terms. So I'm not sure that I -- I'm not sure about that.

Q Do you recall if you took notes of the conversation?

A On the -- I guess -- let me back up a minute because on that -- and expand on the former answer. I did not have any reason to expect that things would be turned over to the criminal division at the time of that phone call so it would not have been something I would have indicated to him.

Q So there had been no discussion with the attorney general prior to that time of turning over the inquiry to the criminal division?

m4

A Right. We first had that conversation shortly after he returned following the news conference. At which point we sat down and there was some discussion about whether there were criminal --

MR. LEON: Who is we?

THE WITNESS: The attorney general, Chuck Cooper, myself, and J.R.

MR. LEON: Were you aware that prior to that you had asked Cooper to do some research into whether or not there were criminal violations?

THE WITNESS: On Sunday? I don't believe he did.

MR. LEON: On Monday?

THE WITNESS: On Monday? I guess that is right. That's Monday.

Yes. He did that on Monday morning.

But we didn't have any reason to sit down and focus on the criminal reference point -- part of it until after he got back from the news conference.

BY MS. NAUGHTON:

Q When he did get back, did you eventually participate in a meeting that included Mr. Trott? At about 2:05 to 2:45 p.m. that day?

A I think I did.

Q Was there a discussion at that time of granting immunities?

m5

A I don't recall.

Q Did you tell Mr. Trott about your conversations with Mr. Green at that meeting?

A Well, if I told everybody who was there, I told Mr. Trott. I did not tell him separately. I'm sure that I reported on the phone call I had with Green when the attorney general got back. Whether it was in that meeting or just before that meeting, I don't know.

Q According to your notes, Mr. Green discussed with you the possibility of people's lives being endangered if this were to be made public. Was that discussed with you and the attorney general or Mr. Cooper or Mr. Richardson prior to the public announcement of it around noon on the 25th?

A Discussed?

Q Yes.

A I reported that that was what he said would be an outcome.

Q Well, was there a discussion then of whether or not to go public in light of the fact that people's lives might be endangered as Mr. Green had represented?

A I think the reaction to that was that this was somebody talking second or third hand with nothing that suggested to us that any more than his impressions of what might happen and that we -- it did not slow down the sense

m6

of what we had to do.

Q If we can return then to your notes of the Green meeting, and we are on page 3, and this is the Green meeting on the 24th, at the beginning of the page -- and please correct me if I am wrong in reading your writing --

MR. LEON: Exhibit 2?

MS. NAUGHTON: Yes.

BY MS. NAUGHTON:

Q "Hakim registers displeasure with Iran; sending weapons to Sandinistas [redacted] Says not only stop that but also if we can arrange for you to have access for supplies you need. Want you to make a contribution back to the contras."

A Right.

Q What is Green telling you at that point?

A This follows from the bottom of page 2 and that basically Hakim was more interested in having support go to the other side than to go to the Sandinistas, and that the Iranians -- apparently that a way could be arranged so as to provide help to the contras and Hakim was interested in doing that because he was not at all pleased that the Iranians were helping the Sandinistas.

Q Did Green tell you that Hakim had told the Iranians that the money would be sent to the contras?

A No.

m7 Q Then a line to the left of the page says "Ghorbanifar may have had a role in this transaction. Israelis wanted to keep price up."

A Yes. "Unclear why."

Q Did Mr. Green tell you why it was unclear why the Israelis wanted to keep the price up?

A Apparently.

Q Was this referring to the last shipment or to all the shipments?

A The February shipment.

Q And the price for the February shipment was negotiated on that?

A Basis.

Q Basis. Essentially by Hakim?

A Right. But that basis has reference to contribution being made back to the contras.

Q "Money was routed through Israelis into A. Hakim's financial network."

A Right.

Q "Accounts of foreigners that Hakim had access to."

Did he mention who the foreigners were?

A No.

Q Did he say of what country they were citizens?

A No.

Q The next entry is "USG paid for TOWs. Excess went

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m8

to Hakim for contras."

Which shipment is this referring to?

A The February shipment, looks like.

Q And then "Tom Green says finding was thought to be 'cover' for the legality of money transfer."

Can you explain to us what he was telling you at this point?

A Well, that the -- it relates back to what he said earlier, that the finding had made reference to third party -- third countries and third parties in order to authorize private network assistance to the contras, and this is simply a reiteration of the fact that that finding would mean that what was being done with regard to the money transfer was legal.

Q So is he talking then in terms of the money -- of just the flow of the money or is he also including that -- the use of the residuals and the residuals flowing to the contras?

A I think this has reference to the excess money that went to the contras.

Q Next entry, May '86 "Transfer of 240 Hawk spare parts also negotiated on same basis."

A Right.

Q "O. North was aware of this but not an actor in this."

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m9

What is this referring to?

A The negotiation of the May transfer at a price that would provide for a residual that could then be funneled to the contras.

Q Green was telling you that North was not involved in the negotiation of the price of the spare parts in May?

A Right.

Q And then "No USG money; Iranians making contributio with Iranian money."

A Right.

Q Is that correct?

And finally, the last page, "Tom Green's clients feel they were doing the Lord's work." Who are his clients?

A This had reference -- that is my shorthand, I guess to keep up, that had reference to Secord and Hakim.

Q But he didn't claim to represent them at the time you talked to him?

A I think that's my sort of -- instead of writing tha out, my reference.

MR. McGOUGH: You said Secord and Hakim.

THE WITNESS: Right.

MR. McGOUGH: Is that who the reference to his clients were?

THE WITNESS: Yes. It may also have been North. The guy, as I understood it, he had at one time or another

m10

given legal advice to all three of them in different matters. Rather than -- I think I was trying to keep up, so that was the short form to make reference to all three.

BY MS. NAUGHTON:

Q Then a reference "They worked like dogs. Gave thought to law and firmly believe they were not acting outside the law."

When he said they gave thought to the law, did he say they had consulted with any attorneys? In other words, did he expound on what thought they had given to the laws?

A Again this is -- I don't remember explicitly. My recollection looking at this is that he said they were aware of the legal mosaic out there and what they did was done in a way that they believed very firmly was within the legal structure.

Q But there was no specific discussion of the Arms Export Control Act, or any other specific laws with you and Mr. Green?

A No. Not that I recall.

Q One --

A Although I think Chuck took notes on this, too. So he might be able to clarify it.

#3
end mas
emm fls

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#3A

-mm-1

Q I would like to take you forward, then, to December 1st of 1986.

A Right.

Q And you had another meeting with Mr. Green; is that correct?

A Right.

Q Could you tell me how that came about?

A He called and asked if he could come in and meet with me again, and I -- later in the day, he said. I think he called in the morning. I indicated I thought that he -- that that would be fine, that I'd get back to him after I checked my schedule on when we might be able to get together. I then raised it with the Attorney General and I believe Bill Weld or Steve Trott to see if there were any reasons not to meet with Green, A; and, B, to make sure if I met with him that somebody was with me and Bill Hendrick was identified as the person who ought to attend that meeting with me. We decided it made sense to meet with him.

I think in that phone call, he said that he wanted to talk about -- that he represented Secord and wanted to come in to talk to us specifically about Secord's role in this, that it was being misunderstood or misrepresented.

Q After his call to you that morning, did you ask either the Attorney General or Mr. Trott or Mr. Weld whether someone could accompany you to the meeting: In other words, was that at your own instigation?

A Oh, yes. Absolutely. There was no way I was going to meet with Tom Green by myself.

Q Do you recall receiving any telephone calls from Mr. Weld or Mr. Trott or participating in any meetings with Mr. Weld or Mr. Trott regarding whetheror not you should meet with Mr. Green alone?

A We had conversation. I can't remember -- I think it was Weld, but it may have been Trott also. There was conversation, one, on whether to meet with him; and then, two, who should attend. I don't think anybody was pressing that I meet alone. I think there was a unanimous agreement with the judgment that I made that I should meet with somebody. I can't remember anybody arguing for me to meet with him alone.

Q Were there any arguments made to you that you should not meet with Green?

A The question was raised. I raised the question initially whether it would be a good idea to meet with him, whether it was a problem given the criminal nature of this matter now, and I think Bill raised a question as to whether it made -- was a good idea to meet with him. I guess the question was whether he should meet with somebody other than me or whether I should be in the meeting.

Q And what did Mr. Weld tell you when he raised the question of whether you should meet with Mr. Green?

A Well, he wasn't very -- he didn't say much. Bill never does. He tends to sort of talk in half sentences and allusions. He wasn't very specific. I think he just raised the question, do you really think it's a good idea for you to meet with him, given the criminal investigation. I said I don't have any burning desire to meet with him, but I don't think Tom Green will talk to us if I'm not in the room. Therefore, in order to hear what he has to say, it might make sense for me to be there along with somebody else, and I think Bill said, well, Bill Hendrick would be the guy who ought to be with me. That was about the size of it, I think. I don't recall it being a big event or rather -- or even a contentious kind of discussion.

Q Moving ahead if I can for a moment to a meeting that occurred that afternoon at the Department.

A Yes.

MR. BOLTON: Why don't we take a break for a minute? I note it's 4 o'clock. How much longer do you have?

(Discussion off the record.)

BY MS. NAUGHTON:

Q I want to direct your attention to what is Exhibit No. 3 of the deposition. These are your notes of the Green meeting on the 1st of December, and I'd like to direct your attention to page 4 of those notes and it's towards the bottom. There is a statement which starts, "What occurred was a spontaneous" -- is that "opportunity"?

3B
CAS-1
DD-contd

A Right.

Q "The opportunity as to contra aid was --", then what is the word?

A "-- unexpected result that emerged, not 'cooked up' by operatives."

Q Do you recall what he is telling you at that point? What does that mean?

A Well, I can't remember. What he is referring to there is the -- what he is referring to is that somebody other than the -- I gather other than Secord and Hakim and that group, presented the prospect that money -- that excess funds from these Iranian deals could be funnelled to the contras. That is what that seems to be saying.

Q Well, he had told you on the 24th that the idea for using the residuals came up in January of 1986 with the Israelis; is that correct? And now he seems to be telling you it was a spontaneous opportunity. Do you recall -- did you get a sense at that time that it was a different version of events that he was telling you on the first as opposed to what he had told you on the 24th?

A No. I think what he is saying is the same thing. I think that he is -- I think the point he is making is that the spontaneous opportunity was one that arose because the Israelis were insisting that the price be maintained at a high level which meant that there was an excess that

CAS-2

they had to do something with and so they moved it to the contras.

Q Well --

A In other words, I think there is a consistency there that comes through.

Q When you wrote the words on the first of December, "not covered up--"

A "Cooked up".

Q "Cooked up".

A "Cooked up".

Q "By operatives"?

A "By operatives".

Q What does that mean?

A Just what it says. He said the opportunity as to the contra aid was an unexpected result that emerged. I gather by reason of the fact that the Israelis wanted to keep the price up. That it was not, as he said, it was not an opportunity that had been cooked up by the operatives.

Q Who are the operatives he is referring to?

A Well, I surmise that it was Hakim and Secord and whoever else was involved in the private network. I think he says the same thing both times, as I read these notes. I don't see any inconsistency here.

Q Based on your recollection and your notes of the December 1st meeting with Mr. Green, can you give us a sense

CAS-3 of what his pitch was to you on that date? Was he asking for immunity for Mr. Secord?

A I think that -- yes. I think that he was very much interested in an immunity grant to Secord, blanket immunity that would allow Secord to come in and tell his story and I believe Hendrick told him at one point that there is a problem even thinking about immunity given the status of things and prospects of independent counsel, but I think that was certainly his pitch. Tom Green was saying it is a risk if you give him immunity, I understand that, but what he is going to tell you is going to make this whole host of problems go away and you will be glad you did when it is over and it will justify itself for doing it, so take the risk and give him immunity.

Q Now, at that point at 11:10 a.m. on the first of December, what was your understanding regarding the decision to seek an independent counsel?

In other words, how close to your mind at that time was the Department to applying for an independent counsel in this matter?

A Well, we had -- this is -- what day is this?

Q It is a Monday.

A This is the weekend following?

MR. BOLTON: Right.

THE WITNESS: I think that there was a preliminary investigation. My sense is that by that time we were about to ask for an independent counsel. When did he do it, Wednesday?

MR. LEON: The fourth.

MR. BOLTON: The press conference was on the second.

THE WITNESS: I think that is right. That squares with my recollection.

BY MS. NAUGHTON:

Q If I can shift your attention to later in the day on December 1st, in the afternoon there is a rather large meeting that takes place with many people at the Department of Justice?

A Yes.

Q In which you participated according to notes of those meetings. Do you recall whether or not at that time the subject was discussed whether or not to apply for an independent counsel?

A Well, I don't know which meeting you are talking about. There were so many.

Q This began at 2:20 p.m. on December 1st, 1986.

A Who was there?

Q It included the Attorney General, yourself, Mr. Richardson, Mr. Cooper, Mr. Trott, Mr. Weld, Mr. Carver, Mr. Hendrick, representatives of the FBI, Mr. Burns.

A I am sure that that was a topic of conversation

CAS-5 at that meeting.

Q Do you recall what other topics there were of conversation at the meeting?

A No.

Q Do you remember this as the last substantive meeting at the Department prior to the appointment -- prior to the application of the independent counsel?

A No.

Q What other substantive meetings were there after this meeting?

A I don't know.

Q You just don't recall that that was the last one?

A I don't recall this one in juxtaposition to any other ones that might have taken place that day.

Q Okay. I had a few other questions in other areas I wanted to ask you about.

A Okay.

Q Are you a member of an organization called Friends of the Americas?

A Not that I am aware of.

Q Do you know a man named Woody Jenkins?

A Yes. I know Woody Jenkins.

Q Do you know whether or not he is affiliated with an organization called Friends of the Americas?

A I don't know.

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CAS-6

Q Can you tell us how you know Woody Jenkins?

A Can I tell you how I know him?

Q Yes.

A Not well.

Q Have you ever met him?

A Yes.

Q How did you come to meet him?

A At different functions where he has attended or I have attended -- and I have attended.

Q Can you tell us what functions those were?

A Oh, gee. I think probably at a meeting or meetings of a group called the National Policy Council.

Q Is that a private organization?

A Yes.

Q And what does the National Policy Council do?

A What does it do? It is a -- it provides a forum for people to discuss issues.

Q Are there any particular meetings at which Mr. Jenkins appeared as far as you know? On particular issues?

A I am sure there are. In fact, I am trying to remember. I think Woody may have been for a period of time the Executive Director or the head of that group. No? Okay. Maybe not.

Anyway, you say any particular ones, I don't know.

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CAS-7

Q Did you attend any meetings of that group that dealt with the issue of Nicaragua?

A I think so, yes. I think that is right.

Q Do you know who spoke -- was this one meeting or several?

A I think -- well, I think one. I think one. I am just not -- I have attended several meetings of the group. I think that has been a subject of discussion at the meetings but there is only one where I think it may have been an agenda -- well, I am not even sure that is true.

Q Do you recall anyone who spoke at the meetings regarding Nicaragua?

A Ollie North spoke at one meeting.

Q Okay. When was that?

A I don't recall.

Q Do you know if it was in 1984?

A I just don't recall.

Q Was this the first time you had seen him?

A No. I don't think so.

Q Had you heard him speak on the subject before?

A I think so. But I -- I think so.

Q Do you remember in what form?

A No.

Q Do you remember how many times you had heard him speak on the subject?

CAS-8

A No.

Q When you heard --

A I am not even sure I heard him speak on the subject before.

Q When you heard him speak on this occasion, do you recall -- first of all, was he a member of the National Security Council staff when he spoke to this group?

A I -- well, I think so, yes.

Q Did he show any slides?

A Yes, I think he did.

Q Do you recall what of?

A No. Well, what do you mean what of? I don't recall specific slides. They were generally related to pictures of either -- I think it was either Cuban or Soviet build-ups in Nicaragua.

Q What did Colonel North say his task or mission or involvement was regarding Nicaragua?

A I don't recall. I don't recall that he said that.

Q Were Richard Miller or Spitz Channell present at this?

A Not to my knowledge.

Q Did Colonel North ever suggest in any way that any of the people listening to his presentation could or should donate any money or materials for use in Nicaragua?

A No, he did not.

CAS-9

Q Did you know Ellen Garwood?

A No.

Q Have you ever spoken to her or met her?

A I don't believe so. I may have -- well, I don't believe so.

Q Do you know a man named Roy Godson?

A No.

Q Have you ever had any communications from Mr. Godson that you are aware of?

A Not that I am aware of.

Q What about Terry or Clyde Slease, s-l-e-a-s-e?

A What about them?

Q Have you had any contact?

A Not that I am aware of.

Q Any correspondence with?

A Not that I am aware of.

Q Any telephone conversations from any individuals by that name?

A Not to my knowledge.

Q Do you know whether or not any of them have been in contact with the Attorney General?

A I don't have any knowledge one way or the other.

Q What about a man named Father Dowling, d-o-w-l-i-n-g?

A What about him?

Q Do you know him?

CAS-10 A No.

Q Ever met or spoken to him?

A Not to my knowledge.

Q Ever received any communication from him?

A Not to my knowledge.

Q Have you ever heard of him?

A I don't believe so.

Q Have you attended any functions where funds for the use by the freedom fighters in Nicaragua were solicited?

A Yes. I think on one or another occasion at the National Policy Council meetings there has been a solicitatio of funds.

Q And who do you recall solicited the funds?

A I don't know that I have a name. It was people in the private sector and they were soliciting funds of people in the private sector. I don't have a recollection of who was actually making the pitch.

Q When you say they were making a pitch to people in the private sector, were you in the private sector at the time you attended these meetings?

A No. But I also was not one of the ones who was soliciting, by any stretch.

Q I guess what I am confused about is how were these solicitations made? Were they made not to a group, rather individually?

CAS-11

A No. It was to the group, but I attend an awful lot of conferences where, as a government official, I am asked to speak or participate and for the most part it is a private -- a collection of people in the private sector. The fact that I am asked to participate or attend doesn't change the characteristics of the audience and certainly by no stretch was anybody importuning me to contribute funds.

Q Did you participate in such meetings where funds were solicited?

A No. I did not.

Q So when you attended these meetings where funds may have been solicited, you were attending not as a participant, but as a spectator?

A Well, I would be participating on a different part of the program with regard to different issues having to do with my particular area, but not participating at all in that aspect of the program.

Q When you say "on different issues", can you recall what that participation was?

A Yes. I think that it had to do largely with civil rights issues. Affirmative action.

Q Do you know Ambassador Whittlesey?

A Very well.

Q And have you visited with Ambassador Whittlesey in Switzerland?

CAS-12

A I have.

Q Did you recuse yourself from the investigation at the Department of Justice on the issue of the independent counsel?

MR. BOLTON: I am going to direct the witness not to answer that question on the grounds previously stated on numerous occasions that we do not discuss in any context internal Department deliberations on whether or not to seek appointment of an independent counsel.

MS. NAUGHTON: I am asking did he recuse yourself from that deliberative process.

MR. BOLTON: The instruction stands, as you well know, Ms. Naughton.

MS. NAUGHTON: No, I don't, because the Attorney General answered that question and said Mr. Reynolds recused himself.

MR. BOLTON: I don't recall that. I don't think I was in the room when he did. To the extent he knows, I will permit the witness to answer that question.

THE WITNESS: That puts me in a bind. Has he or hasn't he.

MR. BOLTON: I don't know. I won't answer the question.

MR. LEON: That can be found out. We don't have the transcript in front of us.

MR. BOLTON: Why don't you put that question on hold. We will check the transcript of the deposition and respond to you in writing if the Attorney General answered that question.

MS. NAUGHTON: I would like to pose my questions for the record so Mr. Reynolds may respond in affidavit form.

MR. BOLTON: We will respond the way we choose to respond.

MS. NAUGHTON: Then I am afraid we will have to call the Chair and get a ruling now.

MR. BOLTON: We are not going to wait. Your Chairman isn't in town. We have already stretched our obligations well past the four o'clock point I mentioned earlier.

MS. NAUGHTON: Sir, those are not our obligations. We had no idea you were leaving at four o'clock.

MR. BOLTON: You were informed earlier of that. If you want to look at it that way, that is the way it goes. If you want to put the questions in the record, go ahead.

MS. NAUGHTON: I will pose the questions and ask you for an answer, Mr. Reynolds.

BY MS. NAUGHTON:

Q Did you recuse yourself from the issue of whether to seek an independent counsel in the matter of the use of discretionary funds by Ambassador Whittlesey and the investigation into possible obstruction of justice charges by the Ambassador?

MR. BOLTON: The question is noted. We will take it under advisement.

BY MS. NAUGHTON:

Q Mr. Reynolds, would you please answer that?

MR. BOLTON: I have instructed the witness not to answer the question. That instruction stands. Your posing it directly to the witness gives me a lot of professional problems.

MR. LEON: Can we go off the record for a second? Pam, may I talk to you about this?

MS. NAUGHTON: I need something on the record that he refuses to answer that question.

MR. BOLTON: He is not refusing to answer the question. I am directing him not to answer the question.

MS. NAUGHTON: Okay. My next question.

MR. LEON: Can we go off the record for a second? May I ask you a question about this area of inquiry?

(Discussion off the record.

MS. NAUGHTON: Okay. Back on the record.

BY MS. NAUGHTON:

Q My second question to you, Mr. Reynolds, in this area is if you did, assume you did recuse yourself from that deliberation, why?

MR. BOLTON: Question noted and taken under advisement.

BY MS. NAUGHTON:

Q Do you refuse to answer it at this time?

MR. BOLTON: He is directed not to answer it.

BY MS. NAUGHTON:

Q Thirdly, I would ask whether or not you were at all involved in the expenditures of the discretionary fund while in Switzerland?

MR. BOLTON: Question noted and taken under advisement.

MS. NAUGHTON: Okay. I have no further questions.

MR. BOLTON: I would also note -- not only note it, but so this record is complete, they are about as irrelevant to anything in connection with this investigation that I can imagine.

MS. NAUGHTON: Well, I would like to note for the record that I have evidence that it is not irrelevant.

MR. BOLTON: What is your evidence?

MS. NAUGHTON: I do not have to state what the committee's evidence is to you, sir.

I have no further questions.

MR. LEON: I would note for the record that in a sidebar conversation, without revealing its contents, that

CAS-16 I was concerned about the possible relevancy of it and Ms. Naughton did state some factual basis with which I am personally unfamiliar. I have no reason to doubt their accuracy as to why she wanted to proceed into the area; and while I might have had some doubts, I would not -- did not reach the level where I felt it was necessary to object at this stage. So for the record, it is worth noting that the concern of the Department of Justice was certainly one that was also evident to others.

MR. BOLTON: Let me say since counsel other than Ms. Naughton may not have been present when I interposed this objection before, we have not revealed internal deliberations on independent counsel matters even to the committees which are considering re-authorization of those matters so that -- and by that I mean the House Judiciary Committee and the Senate Governmental Affairs Committee, as well as the Senate Judiciary Committee.

These committees are being treated no differently even than the authorizing committees which have not received answers to those questions. We do that on the basis of the spirit of the confidentiality protections built into the independent counsel statute and to avoid the unnecessary tarnishing of people's reputations.

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CAS-17

EXAMINATION ON BEHALF OF HOUSE SELECT COMMITTEE

BY MR. LEON:

Q Perhaps in that regard it might be worth asking Mr. Reynolds this question.

Mr. Reynolds, did you have any dealings, have you had any dealings with Ambassador Whittlesey that to your knowledge relate to, in any way, shape or form, the Iran initiative that has been previously defined to you for the purposes of this deposition?

A None whatsoever at any time.

Q And in that regard, taking that line of inquiry one step further, and again, Mr. Bolton is here to adivse you in that regard if I am going too far, in your dealings with Ambassador Whittlesey, did -- do you recall if Colonel North came up in the course of those dealings with her in any way with regard to the Iran initiative or even just Nicaragua in general, Central America in general?

A In my dealings with Faith?

Q Yes.

A No, never.

Q Okay.

A Except that I will have to say that certainly his name came up, since it was a matter of topical conversation on the lips of a lot of people and I talked to Faith since the -- since he became a prominent fixture in

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connection with this, and so his name was certainly in a conversation -- his name was raised.

MR. BOLTON: This is after November 1986?

THE WITNESS: Yes.

MR. LEON: I meant before.

THE WITNESS: I meant after. I don't want to leave the record in a place where it might suggest that she and I in conversations never mentioned Oliver North's name.

As I understood your question, did she or I have conversations relating to whatever North was doing or might not have been doing vis-a-vis the Iranian initiative? No, we never talked about it.

BY MR. LEON:

Q Or even Nicaragua, for that matter?

A Or Nicaragua.

Q Okay. Let me see if I can ask you ten minutes, fifteen minutes worth of questions. I will move quickly.

With respect to the -- I am just going to go chronologically as to how it has been -- it has proceeded from the outset.

With regard to the Civil Rights Division which you are in charge of as Assistant Attorney General, you oversee as part of your responsibilities the Criminal Section of the Civil Rights Division, do you not?

A That is correct.

Q The Civil Rights Division, Criminal Section, makes decisions, does it not, on a regular basis whether or not to initiate grand jury investigations?

A That is correct.

Q On whether or not after initiating grand jury investigations whether or not to seek indictments?

A Right.

Q And whether or not after indictments have been sought to dismiss indictments because of factors relating to the evidence of a case from time to time?

A On occasion.

Q And as Assistant Attorney General overseeing the Criminal Section of the Civil Rights Division, have you not had experience and responsibility in reviewing and evaluating those decisions whether or not to seek the grand jury and whether or not to seek indictments after a grand jury has been empaneled?

A Certainly. And on occasions I have been called upon to make those decisions in the first instance.

Q And just roughly how many attorneys are there in your Criminal Section?

A I think it is about -- I would say 21 or 22.

Q The decision whether or not to prosecute a criminal case in the Civil Rights Division is a rather common decision that is made on a regular basis and reviewed up the line in that division, is it not?

A Well, it is a common decision. There are many prosecutions that are not reviewed up the line, but there also are others where I personally have to become involved in order to make the decision whether we should move forward with either a grand jury presentation or a prosecution.

Q Those decisions are made after reviewing and analyzing the evidence that has been amassed over a sustained period of time?

A That is correct. And in addition to that, there have been occasions where I actually have been involved in different features of the investigation. Just because as head of the Division you do have some prerogatives to get involved in different cases as they go. So I have had some exposure to different criminal investigations where I have had personal involvement.

Q With respect to your experiences in private practice, as they may bear upon the task, the Attorney General asked you to assist him with on that weekend in November of 1986 as an attorney in a private law firm, were you not called on from time to time to conduct detailed inquiries, factual inquiries into complicated factual situations on behalf of the clients of that firm?

A Certainly. In fact, what we were doing over that

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weekend was far more conducive to the kind of practice that I had in the private sector, which was non-criminal, but a commercial litigation practice, and the inquiry we undertook over that weekend was also non-criminal and was investigated in terms of fact-gathering and was precisely the kind of thing I have been doing for about 20 years.

Q And that includes, of course, the reviewing and evaluating of complicated documents and intricate, factual situations as set forth in documents, does it not?

A That is correct.

Q And as a private practitioner, you have had the responsibility and as a litigator in private practice you have had the responsibility on a regular basis to evaluate the credibility of witnesses who would appear on behalf of your client as well as witnesses who would appear against your client, client's interests, have you not?

A Right. Both in court and out of court.

Q You have conducted depositions as a private attorney, Mr. Reynolds?

A Far too many.

Q And those were depositions under oath, were they not?

A Certainly were.

Q They were on many occasions confrontational,

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were they not?

A I don't like to admit that, but I have to admit that is probably true.

Q And they were an investigative tool, were they not, in the representing of your client's interests?

A Absolutely.

Q And you had to assist the credibility of the deponents you were conducting the deposition of, did you not?

A All the time; that is correct.

Q Could you just give us an approximate number, an approximate number, would you say you have conducted hundreds of depositions?

A I would say that is fair.

Q Approaching thousands, perhaps?

A I don't want to go that far. It is certainly in the hundreds. I might be pushing a bit if I say a thousand. A large number, that is for sure.

Q And you have had the responsibility in private practice to supervise the litigation of younger attorneys under you in the conducting of depositions and in the litigating of cases, have you not?

A That is correct. I might also add that a large part of that practice has also included reviewing documents ad nauseum.

Q Now, with regard to just a couple of questions on

CAS-22 the events of that weekend in November, you have testified, I believe, that you did not witness any shredding take place whatsoever during the time that you were in Colonel North's office reviewing documents; is that correct?

A That is correct.

Q You didn't witness any shredding -- strike that.

You did not witness -- is it fair to say you did not witness any events transpiring that suggested the possibility that shredding was going on in that suite?

A Well, I can say quite emphatically when I was in that suite there was no shredding going on whatsoever by anybody. The shredding machine was not turned on.

Q And you had no basis to even suspect that it was going on?

A That is correct.

Q When you located the memorandum that has been so faithfully characterized as the diversion memorandum, smoking gun memorandum, I recall you testifying that you made some form of explanation to your colleague, John Richardson, who was sitting across from you; is that right?

A That is correct.

Q Nobody else was in the room with you at that time?

A No. There was no one else in the room.

Q If the Colonel was situated outside of the room, are you confident that the power with which you projected your exclamation was such that he couldn't hear it?

A I am confident that he did not hear it. It was not said loudly or in a tone that I think would have suggested he heard it nor did he poke his head around the door.

Q So you are satisfied that nothing that you did with regard to what you said or nothing you did subsequently brought to their attention the fact that you had located this particular document?

A Well, I am confident of that. Because we actually left the document among the other documents when we went to lunch and we came back and it was where I placed it and copied it afterwards. So I am quite confident that nobody was alerted to the fact that we had found this document at the time we found it or indeed thereafter until such time as we showed it to North on Sunday afternoon.

Q You said you found that memorandum or at least one form of that in a manila folder that had a red -- I think you said red White House sticker on it?

A In red ink, it had written W.H. on the flap.

Q But the other additional versions you found were not in simlar folders; is that right?

A That is correct.

Q Mixed in with other documents?

A Right.

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Q When you sent the one to be xeroxed, that was in that folder, did you remove the folder from -- along with it and place it in the pile in the folder or did you remove it from the folder?

A Removed the document from the manila folder.

Q Okay. Was Mr. Thompson present after you returned from lunch at any time? Do you recall?

A I don't believe he was.

Q So your recollection is you only saw him that morning?

A I think that is right. I think that is correct. I spoke to him on the phone in the afternoon.

Q Let me ask you this for the record, Mr. Reynolds. There has been already and will be, I am sure, much Monday-morning quarterbacking about the investigation you were involved in on that weekend, and I would like to give you the same opportunity that I afforded your colleague, Mr. Cooper, when we did his deposition. I would end by just simply asking you if you would like for the record to give some statement, however brief or long, you would like that you might feel helps to capture the sense of urgency, exigency, pressure the four of you were acting on during that weekend as the facts were unfolding to you and the gravity of the facts as they were unfolding to you as they related to the Office of the Presidency and the

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National Security Council. So if you would like, I would give you an opportunity to just state your sense of that situation as you felt it, as you were going through it on that weekend.

A Well, it was a most hectic weekend. I think that the four of us, including the Attorney General, saw the task as the -- the fact-gathering task as a monumental one, especially to be completed in the time frame that we had to complete it. My sense is that there was an awful lot that needed to be done and an awful lot was done in a very short period of time. I think it was our sense that it was as about an important an endeavor that had been undertaken by the Department simply because there were so many apparent conflicting stories and so many pieces of this puzzle that were compartmentalized that no accurate depiction of the entire affair was available and our sense was that to gather the facts and get out some comprehensive statement of what the whole Iranian initiative was about, it was of critical importance to not only the Administration, but to the American public at large.

What was done my sense is, not withstanding all the Monday-morning quarterbacking, a pretty extraordinary piece of investigatory work, given the fact that we didn't have the benefit of 20/20 hindsight going in, I think that it is accurate to say, especially in light of all that has

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transpired, that in the space of that 72 hour period, a very intricate and complicated set of facts were discovered and put together in a way that was born out subsequently to be extraordinarily accurate, to the point where there was very little discrepancy at the conclusion of the hearings conducted by the committees and the rendition of facts that was outlined by the Attorney General on the Tuesday following our weekend efforts.

And ours was done without the benefit of several other congressional hearings and the Tower Commission inquiries that took place that helped to benefit some of the inquiry that went on in this committee.

So my sense is that it was a monumental task done under the most difficult of circumstances within the shortest time frame that one can imagine and took nonstop a period of 72 hours with four people and I guess actually we should give some credit to John McGinnis who was a fifth person that was involved in some of the document search.

But five people to pull together this divergent sort of unconnected story and connected it up and resolved it in terms that has held up over time in a way that I think probably is a better answer to all the Monday-morning quarterbacking than anything else I could say.

Q Well, I want to, on behalf of the House Minority, certainly, I want to take this opportunity, Mr. Reynolds, to note on the record and thank you for your extensive

CAS-27 cooperation.

You have sat patiently through two very lengthy interviews prior to engaging in these depositions and this is the second deposition, also lengthy, and I would just like to thank you for your cooperation in light of your extremely busy schedule and heavy other collateral responsibilities at the Department of Justice.

Thank you very much.

EXAMINATION ON BEHALF OF SENATE SELECT COMMITTEE

BY MR. McGOUGH:

Q On that cordial note, let me ask you a few questions, if I might. Going back to an area Ms. Naughton touched upon and also Mr. Leon, that is something of your background. While you were -- while you have been at the Department of Justice, have you been involved in any national security or intelligence matters other than the Iranian initiative?

A Yes. I have, at the request of the Attorney General, done a number of sort of discrete projects relating to the whole national security area.

Q Can you give -- not necessarily the subject matter of those projects, at least what your role was, whether it was a policy -- formulation of policy, whether it was legal advice? Can you give us some more information about that?

MR. BOLTON: I am not going to object to that

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question, but I would note that the answer that it would necessarily elicit would be a further demonstration of why this deposition needs to be classified. I would ask the witness if he can respond to that in general terms without necessarily getting into the substance of any of the specific projects.

I personally don't have knowledge of all the projects. I do know that they are not Iran-contra related. I would be somewhat concerned both as to the level and compartmented nature of the classification that may be involved.

With that, hopefully with that clarification, I would permit the witness to answer the question.

BY MR. McGOUGH:

Q Let me make two statements for the record. One, I wouldn't have raised it except the Attorney General mentioned it in his deposition as a reason for selecting Mr. Reynolds for the fact-finding team.

MR. LEON: It is public testimony, too.

MR. McGOUGH: The second is we are certainly not interested in anything after November of 1986. We can focus time-period-wise on it, as far as the time period goes, on matters that may have arisen before November of 1986.

THE WITNESS: Well, I will try it this way.

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We can take it from there. Basically there have been different discrete projects in the national security area that the Attorney General has asked me to provide assistance on which has generally fallen into the area of coordination of information, development of information, and advising him on different responses that might be requested from the Department of Justice.

There has been an overall participation in the general administrative management issues relating to the Department of Justice's overall role in national security matters.

We have a number of people in the Department that touch base with the NSC at different levels on different projects in different meetings. One of the things that is essential in that kind of involvement is to have a coordinated sort of centerpiece for dealing with all of those issues, keeping track of them, coordinating them, making sure who is at which meetings and briefings of the Attorney General where that is necessary, et cetera.

BY MR. McGOUGH:

Q Are we now speaking of the time period before November 1986 as well as the time period after?

A Absolutely. I have been involved very directly in that whole coordinated effort dealing with the administration and management aspects of the Department

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of Justice's quite comprehensive participation in national security affairs.

Q How about intelligence matters? Do you draw a distinction between national security matters and intelligence matters?

A You can. I mean, there are a number of intelligence matters that do not relate to national security matters and there are some that overlap.

Q Have there been instances of these discrete projects where -- that you would consider an intelligence matter but not a national security matter in which you have been involved, and again, prior to November of 1986?

A Generally, yes. That would be fair to say.

Q Have you ever had occasion to work with the CIA on a project?

A Not directly.

Q I think you mentioned the NSC before in your earlier answer?

A Right.

Q Did you ever have direct contact with the NSC in any of these projects you were doing prior to November of 1986?

A With people at the NSC?

Q Yes.

A Not as such, no. Well --

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MR. BOLTON: You mean NSC staff?

MR. McGOUGH: Yes.

THE WITNESS: Not NSC. No. I think -- no.

BY MR. McGOUGH:

Q Speaking of the NSC staff, could you tell me when you first met Oliver North? First had contact with him?

A Golly, I don't know that I can tell you that. It was in the first term.

Q Can you remember the occasion for your contact?

A No. I really can't. The first time? I don't know. I really don't. You mean people going and coming. If you were wondering whether it was in an official meeting or something of that sort, I think not.

Q Outside the Iran initiative, what official contact did you have with Colonel North?

A None.

Q Never served on any interagency groups or anything like that?

A No.

Q Were you aware of his, as they call them, accounts at the NSC, that is, the areas he was responsible for at the NSC?

A No.

Q Specifically, terrorism and Central America?

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A Well, yes. Sure. Because it was public knowledge that he was involved in some activities regarding Central America.

Q As a matter of fact --

A And I think also it was public knowledge on the Grenada, after that became public. So when you say was I aware, I was aware to the extent that those were items that were publicly available and I had read about them.

Q Were you aware of allegations in the press that Colonel North -- this would be prior to November of 1986 -- that Colonel North was involved in the resupply of the contras?

A Again, to the extent that there was public information of that kind, I probably was aware of it.

Q Let me ask the question I should have asked earlier. That is, outside of the official channels in which you might have met Colonel North, in what channels did you meet him? You said you had not had any professional contact.

A There were a number of different functions the White House had on different matters. There were conferences the two of us could have attended. There were certainly social events we attended.

Q Did you consider him a friend or an acquaintence?

A No. I knew who he was. I suspect he didn't know

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I was. Actually, that is not fair to say. He would know me to know me, but it wasn't -- it was not like he was a close friend.

Q At the first portion of the deposition, there was some discussion about what had been marked as EM-38, Exhibit EM-38, which were at least in part your notes of the -- Mr. Bolton's debriefing on the Casey testimony.

A First page.

Q First page. What I wanted to get to was the second page and particularly the reference which I believe reads, "were TOW missiles redirected to the contras". That is at the bottom of the second page. I have a copy of it.

My question really is going to be, can you give us any better idea when that might have been written in the course of the weekend? I don't know that we really pinned it down the last time.

A I am not sure that I can pin it down. It says "things to look at". I just don't have any good sense of when that was written.

Q Is it fair to say it was after you saw the diversion memorandum?

A I don't know. I really --

Q Would you have been looking --

A I don't know --

Q My question really is why would you have had any

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reason to contemplate redirecting TOW missiles to the contras prior to seeing that diversion memorandum on Saturday morning?

A Well, I don't know that the diversion memo would have tipped me off to this. I am not sure this was -- is an entry that has any particular relevance to the diversion piece.

Q So it could have been written prior to the diversion memorandum? I don't want to mischaracterize your testimony.

A I don't know when it was written. My sense is that it -- I don't know when it was written. I can't place it before or after or whatever.

Q You can't place it before or after the diversion memo?

A The diversion memo doesn't suggest to me that that -- that this might or might not have come before or after. That is all I am saying.

Q I understand. I am not suggesting the diversion memo was a catalyst for that. Can you think of any reason why you would have been contemplating that possibility before the topic -- before the diversion memo came up? To be quite frank, it is a jarring reference in the notes that would be rather important it would seem if it were made prior to the time the diversion memo was seen.

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A Nothing triggers.

Q Nothing on the page helps you establish?

A No. I don't know where it -- I don't know.

Q All right. I think we have pumped that one dry.

I believe during the first session you said that after lunch -- this is on Saturday -- after you had seen the diversion memorandum, after lunch, you went back to double-check the other two memoranda that you had seen to be sure that the diversion reference was not there. You once again went back after lunch to look at the other versions.

A That is my recollection.

Q Did you find it strange there were versions without the reference to the diversion in it?

A No.

Q Did you assume at that point that they were different versions of the same memorandum?

A Yes. My assumption was they were drafts, including this one. I am sorry. Including the diversion memo was a draft. In fact, my recollection was that "draft" was written on one of them.

Q But not on the diversion memo? Or do you recall?

A That is right. I think not written on the diversion memo.

Q Did you get any feel for the time sequence in which the drafts might have been written? In other words,

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whether the diversion memo, the one contained the diversion paragraph, was written before or after the other ones?

A My assumption was it was after.

Q Why was that?

A Because it had a new piece of information.

Q And it also had a handwritten correction on it, did it not?

A It did have. That is right.

Q Changing the date?

A The 14th to the 13th. Or the 13th to the 14th, whatever it was. The 14th.

Q In every other respect, I think you testified except for the stamp "draft", as far as you could tell, the two memorandum were identical?

A I think that is correct. I didn't word-for-word it, but I think they were essentially the same.

Q Did you attempt to go through or think through the money, the disposition of the money in the memoranda that didn't include the diversion reference? If they were identical and the only difference was one had a reference to diverting $12 million and the other didn't, would that not leave a rather large sum of money unaccounted for?

A Well, again, my assumption was they were drafts so that would operate on a different assumption. Your question operates on a different assumption. So I did not --

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that was not something that occurred to me at the time because my frame of reference was that I was seeing essentially three drafts as they were being put together and this was the latest draft which added a piece.

Q So the diversion memorandum you viewed as the latest draft?

A Right.

Q When the Attorney General showed Colonel North the diversion memo at the interview, and I believe there was some testimony by the Attorney General in public session and elsewhere that Colonel North did not initially register surprise until the diversion reference was pointed out to him --

A Right.

Q And that when, in fact -- is that he, in fact, was looking at the memorandum itself for a while before the diversion memorandum was -- the diversion paragraph was pointed out; is that correct?

A For a period of time. Brief period of time.

Q And it was only when he saw the diversion paragraph that he registered surprise?

A That is right.

Q From that did you conclude he was surprised not by the existence of the memorandum as a whole, but by the reference in the memorandum to the diversion?

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A Well, the reference to the diversion is what surprised him. It seemed to me that his registering of surprise was over the fact that there was a memorandum that had that reference in it.

Q From that, did you draw any conclusions as to whether documents had been altered to delete references to the diversion?

A No. No.

Q The diversion memorandum was, as you concluded, the latest in a series of drafts?

A That is what I concluded, right.

Q Colonel North was registering surprise that the memorandum you showed him had that reference in it; is that correct?

A That is what it appeared to us, yes. To me.

Q He admitted to you that, in fact, the diversion had occurred, is that right?

A Right.

Q How else could you interpret his surprise at seeing the diversion paragraph in the memo if not surprise that it had not been removed?

A Well, I guess I didn't draw any conclusion as to altering one way or the other. It occurred to me that he was surprised when confronted with this piece of information.

Q But not surprised by the memorandum itself, just

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by the inclusion of that paragraph in the memorandum?

A Well, I am not sure -- I am not sure I understand your question. What do you mean by the memo -- when he first was handed the memo, he registered no surprise.

Q Right.

A When that part of the memo that had the residual funds referenced was pointed out to him, he registered surprise. I am not sure whether that answers your question or doesn't answer your question.

Q I think it does, but I guess my question is how did you interpret his surprise if not that he was surprised that this memorandum still had a reference to the diversion in it?

A Well, we didn't speak to him about other versions of the memorandum.

Q But you were aware there were other versions?

A I was. Whether he was, I don't know.

Q I am trying to probe your own interpretation of this.

A I didn't draw any -- my sense of it was that there had been an awful lot of discussion about -- and intense sort of probing on this matter for a period of three weeks. Nobody had mentioned the residual fund component and when we confronted him with it, it was sort of a whole new feature that had been nowhere on the

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horizon and he had prepared a rather lengthy chronology and had made no reference to it.

Q And had, in fact, prepared a series of memoranda or drafts of memoranda, one of which, the latest of which, as far as you could see, had the reference to the diversion in it?

A He -- apparently that is so. Certainly the one that had the diversion in it he had prepared. But he had not -- my point is that from November 4th, when this story broke, until November 22nd, when we sat down and talked to him, there had been an unbelievable amount of scrutiny given to this whole affair. Everybody in the press wanted to be another Woodward and Bernstein. They were killing themselves to uncover anything they could.

This is not a piece that at any point had popped out at all and nobody had suggested even remotely there was anything like this that was tied to it. I assumed when he had the -- and we had not seen anything but this one reference in the memo. We handed him the memo. When it was pointed out to him he expressed surprise.

My only assumption at that point was that was the only memo that had that in there and that he was surprised that somebody had come upon it and put it in front of him, confronted him.

Q At the outset --

A I know now there was much more reason for his surprise, but when we were doing your inquiry, we were surprised and we asked him, and he showed surprise.

Q At the outset of the interview, the Attorney General took a few minutes, according to Mr. Richardson's notes, to warn or to caution Colonel North about the importance of getting the truth out and not to have a cover-up and that sort of thing. Was that discussed prior to -- was that opening discussed prior to the initiation of the interview among yourself and the Attorney General, Mr. Cooper, and Mr. Richardson?

A No. But the Attorney General did that in every interview. He started every one of his interviews that way.

Q Which interviews were you present for?

A I was not present at any of them other than North.

Q Did you find it surprising that the Attorney General took that approach in the case?

A No. I think I would have found it surprising had he not taken that approach. That was the whole thrust of what we were about the business of doing.

Q After Colonel North was shown the diversion memo, and the diversion paragraph was pointed out to him, I believe Mr. Richardson's notes reflect at page 15 an

CAS-42 exchange that we discussed before. Ms. Naughton discussed it with you. That is an exchange where the Attorney General said if R.R. approved it, you would have it. Apparent answer, yes, I don't think it was. Apparently a question that has been attributed to the Attorney General: other files there it could be in to verify that it didn't go forward? Then there is the note "O.L.N. will check". Do you recall Colonel North saying he would go back to check to see if there were other files in which presidential approval might be found?

A I think that is accurate. My general recollection is as it is stated there and as the Attorney General stated it.

Q Did you find that disquieting at all that Colonel North would go back to the files and look through them to determine whether a document existed reflecting presidential approval?

A Well, that isn't really what he said or what we asked. I think that is what the Attorney General said. The point was really whether there were other files that we had not had made available to us that housed presidential approvals and North said he was not aware of that and we asked him if he would check to see whether there were such files.

It was not that he was sent on a mission to go back

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and review files for a particular document and check to see if it was there and if so, we would then get the benefit of it. It was really for him to check to see whether there was some other repository of documents that would be where such a document, if it existed, would be located and North said he would check to ascertain whether there was such a set of files or a file cabinet or a file drawer, whatever. That was the sense of the question and the answer.

So we did not at any time -- and I think this is true of all four of us, and I think it has been pretty much reaffirmed, that nobody viewed that colloquy as sending North on a mission to go do our work of reviewing documents but rather to make an inquiry to see whether there were some other cache of documents in Poindexter's office or in the White House generally where we should undertake a further review of documents.

Q Nevertheless, when Colonel North left the office, there were certainly no instructions given to him not to return to his office and not to go back to his files, were there?

A No.

MR. LEON: Was there any reason for you to think that he would destroy documents in any way, shape or form?

THE WITNESS: No.

MR. LEON: Was there any reason for you to suspect at that point that he was in a state of mind that would see some advantage to destroying any documents? Official or otherwise?

THE WITNESS: Well, no. From our standpoint, the document production had already taken place. He had made available to us all the documentation that he had that was at all relevant, and so we had no reason to think if he was going to destroy documents that they wouldn't be documents we were interested in anyway. He had made all of that available to us.

BY MR. McGOUGH:

Q We can also agree, can we not, over the course of the prior few days Colonel North had concealed quite actively the existence of the diversion from Director Casey, the meeting, kept it out of the chronology, didn't mention it to you until he was shown the paragraph in the diversion memo, and in fact, expressed surprise when the diversion was put in front of him. It was only at that point that he mentioned any connection with the contras and the Iranian initiative? Is that fair to say?

A Yes. That is certainly the case.

Q So it was not just a matter at this point in the interview where Colonel North had been -- of not volunteering until this point? He had actively concealed --

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A We didn't know that.

Q You knew it wasn't in the chronology?

A Right.

Q And you knew up until that moment in the interview that he had not mentioned that, is that fair to say?

A Sure. That is right.

Q And Mr. McFarlane hadn't mentioned it?

A Right.

Q And when shown the diversion paragraph, he noted surprise and at that point began to admit to the facts of the diversion? And only at that point; is that right?

A Yes. I mean that was the first that we had any discussion of the diversion. I am not sure -- there was nothing that alerted us to the fact that he had concealed anything. His story on the conversion -- on the diversion was at that time to us that the Israelis had made a profit on the sales and that Israelis had, therefore, taken it upon themselves to move what he called Israeli or Iranian funds that had been paid to the Israelis on their own to the contras. So even as he explained it to us, and with the memo, it was not explained in terms of a diversion of funds in his view or until we did some more looking into it from all appearances on the surface

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in our view.

In other words, it was not, as he explained it, it was an Israeli initiative to send money to the contras, his involvement only telling them what accounts to put it in so as to complete that transaction.

So even in those terms, it would not have been suggested to us on the surface at that time that it would necessarily have appeared in the chronology.

Q We can agree, can we not, though, that everyone at the lunch table at the Old Ebbitt Grill on Saturday recognized the importance of that fact?

A Absolutely.

Q And also recognized that was the first time anyone associated with the initiative and the fact-finding, including Colonel North, had mentioned that diversion to anyone?

A That was the first time anybody had any notice of it, right.

And I am not quarrelling with what you are saying, except there was nothing that alerted us to an overt concealment on North's part. That is all I am saying. At the time we were talking about.

Q You mean on Sunday afternoon?

A Yes.

Q Despite his participation within the meeting

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with Mr. Casey on November 20th?

A Except that the only thing that came up there and the focus of that meeting on the 20th, as I understand it, was what knowledge the United States had with regard to the 1985 shipment of oil drilling parts which turned out not to be oil drilling parts. So it was not the kind of conversation that would have focused on this particular piece which happened in 1986 under any circumstance.

Q But the meeting with Mr. Casey was, in fact, part of the -- a review of a largeer chronology, was it not?

A No. Not really. The meeting with Casey was a review of his testimony that he was going to give and the extent to which that testimony was squared up with informatio we had from the State Department regarding knowledge of the 1985 shipment. That was the focus because there was concern that Casey' testimony was inaccurate in terms of how it expressed knowledge generally in the Government of that 1985 shipment.

Q Let's take it out of the Casey context and put it back to what I think is the stronger case. That is, the preparation of the chronology by Colonel North, the chronology itself did not mention anything about the diversion; did it?

A It did not; that is correct.

Q Let me [illegible] up with just two more questions.

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Did anyone check back with Colonel North, to your knowledge, to find out whether, in fact, he did check on the status of files at the White House? Did anyone attempt to follow up on that note in Mr. Richardson's notes?

A I don't know. John Richardson would know. He was the one that basically had that task.

Q You did not follow up?

A I did not.

MR. McGOUGH: That is all I have.

THE WITNESS: Good. Are we through?

MR. LEON: Unless you have a final closing statement, Mr. Reynolds?

THE WITNESS: I don't dare do it. It will open up a whole new series of questions.

(Whereupon, at 5:30 p.m. the deposition was adjourned.)

Reynolds Deposition
Ex 1
23 Nov 86

UNCLASSIFIED

Areas of Concern

① 508 Tows - reporting - Arms Export Act
② 18 Hawks - reporting. Arms Export Act
  Hughes-Ryan - appropriation
③ Contras
④ Secord's presence
⑤ So. Air Transport - personnel

2497

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11/23/86 [illegible]

Ollie North – A.G., WBR, CJC, JR

Ledeen – Consultant to NSC and to ON – since prior to '85
- Came to North and talked about "Israeli" proposal – contacts with Iran
  - Introduced ON to Schwimmer – met with him

[redacted]

McFarlane –
- Had call from McF; McF had call from Rabin and told he had problem in moving material to Iran
  - ON talked to Rabin – R. said need help in moving items to support our rapprochement with Iranians; wanted clearance in [redacted]
    - R. military attache said oil equipment
    - Shipment loaded
  - ON contacted D. Clarridge; got proprietary plane and transported equipment
    - Later learned it was Hawk missiles
  - Meeting in Dec. '85 – Secord, McF, Kimche, Schwimmer, Gorbanifar, Nimrodi, North
    - Bud talked of incentives; anything done could not be seen as hostages for arms
- ON had no knowledge of Sept. shipment.

W2L
2

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- "[illegible]" meeting of B. McF & Kimche
  - Kimche said need means of going to talk to Iranians; Bud said this can't be perceived as guns for hostages
- Second report on how screwed up

Reported to John P and B. McF. ← Hawk transaction was (first days of Dec.)

- OLN called Clair George or Dewey Clarridge that shipment had arms
- OLN has no knowledge of "retroactive" finding - recalls activity on finding in ~~[illegible]~~ mid Dec. But not before
  - Talked to B McF on plane trip for London
  - Meeting at Casey house - Casey, North, Sporkin, George Clair, Gates

508 TOW missiles - Aug/Sept <Bud McF. to Kimche>

- OLN found out sometime in Oct.; but had been told of transfer by Ledeen earlier

Return of Hawks

- Not cause we were furious, but cause Iranians were not pleased <overflight>
  - Real problem was Israeli paying money back
- OLN told to get Hawks back - by Bud (W/T

Replenishment of TOWs

- Was first raised on Dec. 2

Replenishment in May, 1986

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Feb transaction - 1000 TOWs

$: Iranians to Israelis to Israeli bank acc't to CIA acc't to DoD

Nir - Jan 1986

Meeting with ON - Nir said Israelis would to take funds from residual acc't and transfer to Nicaraguan acc't

[Also Feb. transaction]

Jan ?
[redacted] in meeting - blew up over HAWK transfer

Nir seemed to be convinced we understood the residual 508 TOWs [redacted] transfer

Replenishment of 508

· Agreed - August

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11/26/86

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Meeting with AG - Iranian Matter

Ollie North

- CIA authorized to ship limited amts of defensive weapons to achieve specific objectives:
  - 1) Open up avenues w/ moderate elements
  - 2)
  - 3) Assist end of war
  - 4) Release of hostages
- Pres authorized in Jan 17 finding
  - Shipments made
- Conversation held/Amir - Israelis re: funding of Contras
  - Ollie North, Secord and Hakim negotiated w/ Israelis - in setting price of Tows we can make profit and send profit to Contras
  - DoD transfer to CIA; CIA to Israelis; Israelis to Iranians
  - Funding - through bank acct in Switzerland

Pres called

- Israelis did not handle $, but told Iranians where to deposit

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24NOV86 Reynolds Deposition
Ex 2
11/24/86
2:20 p.m.
p1

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Tom Green - WBR/CJC

- Reprs. O. North + R. Secord (known for about 1½ yrs)
- Has been talking to North/Secord - last few weeks.
- General Understandings
  - North - good guy but ready to take responsibility for more than perhaps he should
  - No impropriety by USG
    - No doubt that organs of USG came to understand Israelis began initiatives w/ elements of Iran
      - Initial transfer of TOWs became ~~retroactively~~
      - Transfer of 18 HAWK - inside (later returned)
    - North asked to "pick up track that Israelis opened" - led to Jan 17 finding
      - Finding has reference to 3d countries and 3d parties - deliberately put - finding so as to authorize private companies to engage in activities in furtherance of finding
    - In implementing finding, North turned to Secord
      - North/Secord began to work same channel as

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p2

- Albert Hakim - also received overtures from many moderate elements - [illegible]
  - Became "stool" for FBI and CIA
  - Hakim volunteers to Secord / North that Gorbanifar is crook
  - Hakim then volunteers to work his contacts in Iran to reach the moderate elements
- Jan '86 - Frankfurt meetings (Hakim as interpreter)
  - Iranians brought [redacted] to meeting - Nir [redacted]
    - North, Secord, CIA(?)'s
    - May have been taped
  - "Our" side taped - [redacted] as [illegible]
- Hakim then working his channel produced [redacted] of Rafsanjani) new productive channel
  - North / Secord knew that Iranians had sent [illegible] to N Korean Gov't to support Sandinistas
  - Hakim said that Iranians could solve their [illegible] problems by not only stopping supporting Sandinistas [illegible]

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- Hakim suggests displeasure w/ Iran. sending weapons to Sandinistas through N.K.; says not only stop that but also, if we can arrange for you to have access for supplies you need, want you to make a contribution back to Contras

- Gorbanifar may have had role in this transaction
  - Israelis wanted to keep price up -- in some way

- Price for TOW shipment was negotiated on that basis (essentially by Hakim)
- $ was routed through Israelis into A. Hakim's financial network (accounts of foreigners that Hakim had access to)
- USG pd for TOWs; excess went to Hakim for Contras
  - TG saying [illegible] was thought to be "cover" for the legality of $ transfer
- May '86 transfer of 240 HAWK spare parts also negotiated on same basis
- O. North was aware of this, but not a factor in this
  - No USG $; Iranians making contribution with Iran...

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- TG's clients feel they were doing "the Lord's work", they "worked like dogs", gave thought to law and firmly believed they were not violating Boland laws
- If becomes known:
  - a) Iranians will kill one or more of hostages
  - b) [redacted] will probably be killed
  - c) Effort to reach out to moderates will go "up in smoke"

Iranians "conned into" contributing to Contras - will explode the situation

- Secord, Hakim, North

1 Dec 86 Reynolds, Rep.
Ex3
M/ 1 \ [illegible]

P1

CRD
Room 5204

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Beginning 11:10 a.m.

Tom Green; Bill Hendricks – Iran Shipment
Regan = Second

Multi-Inquiries:
- Durenberger Hearing
- DOJ Inquiry
- Possible Spec. prosecutor

T. Green – speaking for his client
- Rather have Second talk to DOJ than appear on Hill
- T. Green feels he knows 98% of the story (whole thing)

1. • Does not feel Pres would be embarrassed were entire truth to come out

2. • Specifically, if we were to listen to entire story, we would conclude that there had been no violation of laws.
   - T. Green does not think there has been any violation of laws
   - If so, it is incredibly technical

3. What does that suggest?
   - Pres has a "nagging" feeling "fuzzy" of [illegible]
   - Suspicion that Pres & Regan have more info than they are indicating

4. T. Green says based on his understanding the Iranian venture was an "amazing venture"
   - Making progress with Iran in geo-political sense
   - No reason for Admin "to run from the undertaking"

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2503

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T. Green
/ B. [illegible] p. 2

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- If DOJ convinced that no wrongdoing, consider the following scenario

- Pres — to get out facts — has decided to have DOJ [illegible] X, Y and Z. At time you announce immunity, statements of individuals come out at same time
  - T. Green says facts will justify immunization — the [illegible] is — becomes superfluous politically

T. Green Background

- T.G. believes that McFarlane approached Regan in '85
  Briefed Pres on Iran problem, hostages, etc. and Pres said do what you have to do
- T.G. believes shipment in Fall '85 was discussed and there was nothing in (probably McFarlane)
- T.G. says McFarlane in Fall '85 says wants to meet w/ Iranians.
  - Was arranged in Dec — opened new channel

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T. Green 12/1/86
– B. [illegible] p3

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- Finding in January
  - Broad enough to authorize overlay of commercial activity in these categories
- Material exported from US pursuant to – finding
  - Green says was pursuant to authority ~~[illegible]~~ by ~~Pres.~~
- Green thinks as to Nov. transaction that there were circumstances of the incident not conveyed to others
  - When CIA was asked for help, subordinates thought it was "oil drilling equipment".
  - T.G. says they think they learned after the fact – and not too much later
  - Merchandise was not U.S. merchandise – CIA [illegible] moved it

Back to T.G. Proposal

Upside: - Entire story is out
- No Cause unresolved – as if told. Within no basis for embarrassment

[illegible] Piece –
- T.G. says single story:
  - Long says unsupported funds
  - [illegible] [illegible] and allocate it to support air lift question

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T. Green 121, 122
B. [illegible] 84

- Air lift picks up merchandise owned by Contras, purchased by Contras, and supplies of Contras and air lifted it into N.
    - None of it owned by U.S.; no exports from U.S.
    - Unaware from conception of air effort
- T.G. feels that mere supplying of materials by private parties does not violate Neutrality Act
- Underside: What about leveraging sale of arms by U.S. to strong arm country to forward $ to Contras (i.e., if you want arms, must send $ to Contras)
    - T.G. says that he has no knowledge of that -- either as to Iran or as to any other Third World country
- What occurred was a spontaneous opportunity. The opportunity as to Contras and was unexpected result that emerged - NOT "cooked up" by operatives
    - Rather operatives were presented with opportunity suddenly and fortuitously

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T.C. Green
B. Hendrick

12/1/86
P.S.

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- T.C.: bottom line
  - "We" tell our story (in exchange for immunity) and you do what you want with it
- Hendrick's counterproposal
  - Secord is good American, out of his patriotic feeling, he comes forward and tells all
    - T.G. - No way; too much hysteria; can only do with immunity
- T.G. says his proposal provides opportunity for DOJ
  - Must act and act quickly if Pres wants the same indictions
- Says no U.S.G. involved
  - Opportunity to realize profit here - when said that, "I was channelled to Contras"
- Hendrick raises real political downside
  - Secord's prior investig.
  - He was main player here
  - Immunity would raise pol. furor argum. w/ Secord
    - T.C. answers - Immunity granted willingly; Secord has to live with that
      - Disclosure will justify the immunity

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T Green
J. Hendrick

12/1/86

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P. 6

- I moved grant. on to how arrangements the immunity grant should be (how many)?
  - T Green says he has a view that immunity should be narrower (relatively few people). Feels that we have to make a cut
- Hendrick: What is mechanism for doing this

T.G: Have to go to "highest levels" with concept. If receptive, TG will go to O North's lawyer and A Hakim's lawyer and see if they are willing to participate

If so, will have to get all together to talk through the proposition

TG. does not want to embarrass DOS or the Pres. Is not trying to "snooker" anyone

- Hendrick: Q on to I/C statute. Says cannot immunize during preliminary investig by AG on I/C grant.
  - TG: I/C does not touch my man - Secord, North and Hakim are not covered by act
  - TG says if I/C, all will clam up; his proposal is to open up

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T. [illegible] 12/1/[illegible]
[illegible]
p. 7

TCn: Time is of essence – cannot linger over this

END: 12:15 p.m.

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